Third: Interest/Return Rates on Qatari Riyal

First:

- Banks shall be free whether to apply, or not, the interest rates on all types of customers’ deposits.

- QCB rate shall be a guiding indicator in determining interest or return rates on the credit facilities in Qatari Riyal with exception of substandard, doubtful, and bad credit facilities, either scheduled or non-scheduled.

- Interest or return rates on credit facilities and deposits shall be calculated on basis of one year that is 360 days.

- Interest or return rates on deposits, either in Qatari Riyal or foreign currencies, used as guarantees for loans, shall not exceed interest rates on those loans.

- Banks are not allowed to agree or co-ordinate to reach any prior arrangements for determining the interest or return rates on deposits or credit facilities. Rather, they should leave that to the supply and demand in the money market.

- All banks should announce the interest rates on deposits with their different maturities and the interest rates on all different types and maturities of credits. They should also announce the commission rates and expenses they collect for providing various credit facilities, and banking services through a noticeable announcement board, put in an obvious place in the bank and its branches.

- Periodical data of interest rates:

  Banks should monthly notify the Financial Stability and Statistics Department at QCB of the average interest rates on the loans, deposits, and inter-bank transactions (Inter Bank Rates), as mentioned in Part Twelve, Periodical Data, in page no. (573).

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10 Refer to article no. (142) of the Law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012).
Second: Calculation and Disclosure of Interest or Return Rates on Deposits and Credit facilities for Retail Sector

As QCB seeks to unify the mechanism of calculating and disclosing the interest or return rates on deposits and credit facilities for the retail sector, banks shall comply with the following:

1- The interest or return rates on credit facilities shall be calculated, on a cumulative basis (compound interests or returns), on the daily balance according to the agreed annual rate. The interest or return rates on deposit accounts shall be calculated according to the agreed deposit form or contract as per its type. The calculation method shall be accordingly shown in the contract form or contract.

2- Interest or return on deposits or credit facilities shall be calculated on basis of one year that is 360 days.

3- The calculated interest or return rates on deposit accounts or credit facilities and the calculation method shall be transparently disclosed to customers by banks in all branches, offices and bank’s website. As for the disclosure of the interest or return rates on credit facilities, the annual rate on the daily balance on, which the calculation of the interest or return on credit facilities is based, shall be disclosed. Additionally, an explanation of the calculation method shall be included. Banks shall furnish QCB with its own website link.

11 Refer to circular no. (10/2013) dated 5/2/2013.