



Banking Codes and Standards
Board of India

भारतीय बैंकिंग कोड एवं मानक बोर्ड

www.bcsbi.org.in

Customer Matters

Chairman's Message

Dear Readers,

It has been a great pleasure and honour for me over the years to stay connected with you all through our quarterly in-house newsletter "Customer Matters". Let me begin by wishing all our readers a Happy and Prosperous New Year.

The year 2017 has been eventful. In the first quarter, we released BCSBI's Code Compliance Survey Rating of 51 select Banks. The availability of ratings in public domain has created more awareness and a sense of competition amongst bankers to excel in customer service and improve on grievance redressal which will in turn assist overall compliance ratings.

In the second quarter of 2017, we started the process of revision of Code of Bank's Commitment to Customers, 2014. A Working Group was set up consisting of senior officials of RBI/IBA, select Banks and a Depositors' association. A number of suggestions came in from all quarters which were discussed by the group and final recommendations were approved by Governing Council of BCSBI. I am pleased to advise that the revised Code of Bank's Commitment to Customers has now been released and sent to member banks for adoption and implementation. The new Code has become operational with effect from 1st January 2018.



Despite all the precautions taken by customers there are at times unauthorized electronic transactions which take place. A list of "Do's and Don'ts" has been added to make the customers aware of the safeguards they should adopt while experiencing digital banking.

The new Code has a number of safeguards for protecting the interest of the consumers viz limited liability on account of unauthorized electronic and internet transactions. Besides an exclusive chapter on Internet and Digital Banking in view of the increasing thrust on digitization, new payment settlement systems and the move to a near cashless economy has been added.

We do note that the number of complaints pertaining to non adherence to the Code regarding delayed resolution or non resolution of cases related to unauthorized electronic transactions, particularly ATM withdrawals is on the increase. We may infer that this may be due to the increased awareness amongst the customers about their rights which results in increase in the number of grievances. Notwithstanding all this, the time line of ten days should be adhered to in crediting or notionally crediting the customer's account.

This edition of the newsletter also has an article on "Mis-selling of Financial Products" as the theme of the quarter and a guest column on "Customer.... The Most Important Stakeholder". Hope you find these interesting.

Regards,

(A. C. Mahajan)
Chairman



BCSBI News

As of the quarter ended December 2017, with the addition of two member banks viz. Qatar National Bank SAQ and Suryoday Small Finance Bank Ltd. the membership of Banking Codes and Standards Board of India (BCSBI) stands at 131.

What's Inside

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Banking Codes and Standards Board of India (BCSBI) continued its ongoing efforts to increase awareness of the Codes and Standards developed by it and adopted by member banks among bank officials and customers.



▲ Seated on the dais from left are Smt. Hemalatha Rajan, SVP, BCSBI; Shri Deepak Dubey, DGM, SBI; Shri Keshab Korkora, Banking Ombudsman, Raipur; Shri Anand Aras, CEO, BCSBI; Shri Brahm Singh, DGM, SBI; and Shri Yogesh Tarate, TransUnion CIBIL

During the month of October 2017, BCSBI organized two customer awareness meetings in association with TransUnion CIBIL Ltd. viz. (i) at Indore on October 3, 2017 when around 300 customers and bank officials from major banks situated in the region attended; and (ii) at Raipur on October 9, 2017 when around 300 customers and bank officials from major banks situated in the region participated.



▲ A cross section of the participants of the Customer Meet at Raipur.

Further, a special meeting was organized by BCSBI for Army Corps personnel at Bhopal on October 4, 2017 which was attended by around 350 participants.

The issues raised during the above meetings, among other things, pertained to: (i) Problem in

depositing taxes in some banks; (ii) Problem in nomination of more than one person for Locker operations; (iii) Whether membership of BCSBI is compulsory?; (iv) Does the customer have a right to know why his loan application has been rejected? (v) Does CIBIL score get affected just because a customer has guaranteed a loan?; (vi) Does CIBIL maintain Savings Bank accounts data?; (vii) What is the procedure for rectification of errors in CIBIL data?; (viii) If a customer avails EMI facility for repayment of credit card, does it affect CIBIL score?, etc.

During the months of November and December 2017, BCSBI organized four customer awareness meetings in association with TransUnion CIBIL Ltd. viz. (i) at Mysuru on November 14, 2017 when around 350 customers from various banks in the region attended; (ii) at Bhopal on November 30, 2017 when around 300 customers and 100 officials from 43 banks in the region attended; (iii) at Patiala on December 6, 2017 when around 300 customers and bank officials from banks in the region participated; and (iv) at Coimbatore on December 11, 2017 when about 280 customers and officials of about 40 banks operating in the region participated.

Additionally, BCSBI organized a Customer Awareness Programme on November 15, 2017 at Mandya when around 150 customers participated. The meeting was presided over by Shri P K Agrawal, SVP, BCSBI, Smt. Sati Nair, SVP, BCSBI, Shri Sreedhara Murthy, Regional Manager, Vijaya Bank, and Shri Tilak Raj Pahwa, DGM, SBI.

The issues raised during the above meetings, among other things, pertained to: (i) Why all banks do not have a uniform charge for non-maintenance of minimum balance?; (ii) Some banks being very lax in addressing complaints; (iii) Why



▲ Participating in the Customer Awareness Meet at Mysuru are from left Smt. Sati Nair, SVP, BCSBI; Shri Tilak Raj Pahwa, DGM, SBI; Shri P K Agrawal, SVP, BCSBI; and Smt. Asha Jain, Manager, TransUnion, CIBIL Ltd.



▲ Shri A C Mahajan, Chairman, BCSBI is seen addressing the Customer Meet at Bhopal. Others on the dais (from left) are Shri Yogesh Tarate, TransUnion CIBIL Ltd., Shri Vijay Kumar Nayak, Banking Ombudsman; and Shri Anand Aras, CEO, BCSBI.

shouldn't free CIBIL report be allowed once in a quarter, instead of only annually?; (iv) Remedy for unauthorized transactions through Card; (v) Claim against bank in case of lockers being broken into; (vi) Problems faced by senior citizens in updating passbook and no separate queues for them; (vii) How will the recent regulatory guidelines on Doorstep Banking assured for senior citizens aged 70 years and above be implemented by Banks?; (viii) Whether tracking of customers for recovery of dues, using their photographs amounts to violation of Right to Privacy, etc.



▲ Seen at the Customer Awareness Meet at Patiala are from left Smt. Jyoti Sharma, SVP, BCSBI; Smt. Nishi Bhatnagar, DGM, SBI; Shri P K Agrawal, SVP, BCSBI; and Shri Gagandeep Singh, TransUnion, CIBIL Ltd.

BCSBI along with TransUnion CIBIL Ltd. organized Customer Rights Awareness workshops with officers of banks operating in Indore on October 3, 2017; at Raipur on October 9, 2017; at Mysuru on November 15, 2017; at Bhopal on November 30, 2017; at Patiala on December 7, 2017; and at Coimbatore on December 11, 2017.

Outreach Programme

A "Know Your Rights" programme was organized on October 10, 2017 in Khariar, Odisha where 200 daily wage earners from the village assembled. Awareness of the bank customer's basic rights was conveyed to them through a skit in local dialect and folk dance. This was followed by a small interactive quiz to assess how well they had understood the basic rights as a first time entrant to banking. They were also made aware of how to take up their grievances with their bankers. This programme was



▲ Seen interacting with the participants of the "Know Your Rights" programme are from left Smt. Hemalatha Rajan, SVP, BCSBI; Shri Anand Aras, CEO, BCSBI; and Shri Pradhan of Sahabhagi Vikash Abhiyan



▲ A scene from the skit

the third edition of the "Know Your Rights" series conducted by BCSBI.

During the quarter, the officials of BCSBI

1. Provided faculty support to Zonal Training Centre (ZTC), RBI, New Delhi by helping in taking a session on "BCSBI – Its Role and Function in Customer Education and Protection".
2. Attended a Customer Awareness Meeting held by Banking Ombudsman, Chandigarh

Mis-selling of Financial Products

A lot is spoken these days about mis-selling of financial products by Banks. Quite often we hear from bank customers that they went to the Bank to open a simple Fixed Deposit account but were convinced by Bank officials to invest in insurance, mutual funds or equity linked savings scheme promising attractive returns. There are instances where the customer wanted to invest in PPF but was convinced to invest in equity linked savings schemes promising higher returns.

Equally common are instances of home loan borrowers being sold, at times compelled, expensive long term insurance policies when all that is needed is a simple term assurance to cover the loan amount where the premium amount is lower.

Senior citizens are also enticed to investing their retirement savings in products that do not meet their financial needs.

All these are examples of mis-selling and is done under the garb of “need based cross selling”. There have been numerous instances where cross selling has led to mis-selling and by the time the gullible customers realize that they have been misguided, it is too late. The ensuing redressal process can at times be tediously protracted and stressful.

At the outset we need to understand what is mis-selling of third party products.

According to Wikipedia mis-selling is the deliberate, reckless, or negligent sale of products or services in circumstances where the contract is either misrepresented or the product or service is unsuitable for the customer’s needs.

Mis-selling can have an adverse impact on how customers perceive the value and trust of their Banks, which have long been known for their service, reliability and integrity.

A number of customer complaints about mis-selling are received by the Grievance Cell of Banks and also Banking Ombudsman/Insurance Ombudsman Offices. Very often customers do not ask questions due to their abiding trust in their bankers and get rushed into buying financial products they do not know much about or are not suitable to their risk profile.

Till very recently if a customer had brought an insurance policy or a Mutual fund from a bank and had any grievances, he could go only to

the insurance company, or the mutual fund (MF) company or insurance Banking Ombudsman (BO) and not his banker.

Not any longer. Concerned over the spate of complaints received from various quarters, from 1st of July 2017, the scope of the BO scheme has been widened to include deficiencies arising out of selling insurance, Mutual Fund and other third party products by Banks.

This move of RBI to protect customer interest can at least hold the Banks responsible for any unfair selling practices and Caveat Venditor, the principle of seller beware, will prevail.

The Code of Bank’s Commitment to Customers mandates that Banks are responsible for any person using their premises for selling or marketing third party products on their behalf. The Charter of Customer Rights enshrines broad, overarching principles for protection of bank customers and enunciates Right to Suitability as one of the basic rights of bank customers. “The products offered should be appropriate to the needs of the customer and based on an assessment of the customer’s financial circumstances and understanding”. The Bank will not compel him to purchase or subscribe to any third party product as a quid pro quo.

While the regulators are doing their part to protect the interest of the bank customer, the onus still rests on the buyer of the financial product to protect himself against mis-selling by understanding the terms and conditions and the risks involved. Caveat Emptor...Buyer beware still applies.

In conclusion, customers in their own interest should be aware of their rights and avoid falling prey to being sold unsuitable products by banks. They should have a good understanding of financial products and services offered by the Banks before signing on the dotted line of the product.

Stamp Duty illegally retained

A complaint was received alleging that stamp duty of ₹ 5,37,000/- has been illegally retained even though the loan sanctioned amount was not disbursed. The complainant further stated that the loan outstanding with another bank was not taken over and the pay order prepared for taking over of the loan on June 30, 2016 was cancelled on July 08, 2016. Subsequent to the reply furnished by the bank, a conciliation meeting was held on October 27, 2016 in the Office of the Banking Ombudsman (OBO), Bhopal. During the meeting, based on the documentary evidence adduced by both the parties, it was agreed that the bank would return the certificate of stamp duty documents on request made in writing by the complainant. The bank also agreed to charge interest only on ₹ 3.65 crore at 11.5% for the period from June 30, 2016 to July 08, 2016 i.e. for nine days. Both the parties agreed to the above proposals. The case was closed under Clause 11(1) of BOS 2006.

Premature Closure of FD

A complaint via email was received stating that complainant's uncle was seriously ill and admitted in a hospital at Raipur and there was an urgent need to close prematurely one of the FDs maintained with SBI Raipur for payment of hospital bills. The relative of the account holder visited the bank, but the bank insisted for a clear mandate from the account holder who was suffering from tracheostomy and was not in a position to sign the cheque/withdrawal slip. BO took up the matter with the bank concerned. The matter got resolved as an amount of ₹ 2,31,050/- was paid to the hospital directly through payment order. The case was closed under Clause 11(1) of BOS.

Account Debited though Cash not Dispensed through ATM

A complaint was received on August 17, 2016 stating that the complainant had attempted to withdraw an amount of ₹ 25000/- through ATM on August 02, 2016. However, the amount was not dispensed, but the account was debited by ₹ 25000/-. OBO, Bhopal advised the bank to furnish their comments on the same. The bank submitted their reply that they had credited the amount of ₹ 25,000/- to the complainant's account on August 28, 2016. The complaint was closed under clause 11(1) of BOS 2006 on January 31, 2017. Since, there was a delay on the part of the bank in crediting the amount to the complainant's account, BO, Bhopal, as per the extant RBI instructions in respect of Customer Service in Banks, advised the bank also to pay compensation of ₹100 per day to the complainant.

Higher Rate of Interest Charged

A complaint was received against a bank stating that the complainant had availed secured loan (against TDR) under PMEGP on October 08, 2013, in respect of which the bank was charging him interest on the secured portion of the loan and that too at higher rate of interest. BO sought comments from the bank. The bank in their reply submitted that they had reversed the excess interest charged over and above the subsidy amount and also reduced the rate of interest as per the terms and conditions of the sanction. The complaint was closed under clause 11 (1) of BOS 2006.

Home Loan settled against Insurance Claim

A complaint was registered stating that the complainant had approached the bank with a request to close the home loan account taken by her late husband against the insurance claim for which the bank had deducted the insurance premium. She further alleged that despite several requests by her and assurance by the bank for more than a year, bank had not taken effective steps to get the insurance claim and settle the home loan account.

On taking up the matter, the bank initially replied that they were under correspondence with LIC and they would close the home loan account within one week. Subsequently, bank came out with the plea that the policy issued by the LIC was in the name of some other person and LIC was delaying the payment of claim of amount. However, the bank did not produce any documentary evidence to prove that the premium amount deducted by them had been actually remitted to the LIC furnishing complete details of the insured borrower to them. Therefore, the bank was advised to revisit the case and consider settling the loan account without further delay and following up with LIC for claims separately. The bank was also advised to submit reply along with the views of their Internal Ombudsman as the case was pending for a long time. On reconsideration, the bank submitted a reply stating that with approval of their Head Office, they have settled the home loan account of ₹ 4.5 lakh and returned the documents to the complainant without waiting for the settlement of the claim from LIC.

*(Source: Cases dealt by
Banking Ombudsman, Bhopal)*

CUSTOMER.... THE MOST IMPORTANT STAKEHOLDER



Anil Mittal
Chief Vigilance Officer
Canara Bank

Shri Anil Mittal is presently Chief Vigilance Officer in Canara Bank. Earlier he was Chief Vigilance Officer with erstwhile State Bank of Mysore. He was General Manager in Union Bank of India, before his appointment by Government of India as Chief Vigilance Officer.

Shri Mittal passed his B.Com (Hons) from Shri Ram College of Commerce at Delhi University. His academic qualifications include M.Com, MBA (Banking & Finance). Shri Mittal holds Post Graduate Diploma in Personnel Management (PGDPM). He is also a Certified Associate of Indian Institute of Banking & Finance (CAIB).

Shri Mittal has a distinguished banking career of around four decades, having handled diverse portfolios in Credit, Loan Syndication, Expenditure Control, General Administration, Human Resources, Customer service and Operations in geographies of Delhi, UP, Gujarat, Mumbai and Bangalore.

Anil Mittal
Chief Vigilance Officer
Canara Bank

Evolution of a product or service starts from customer when such product / service is designed keeping in mind the customer need, behavior and satisfaction. The journey of any product and service completes on its reaching to the customer. Customer is the ultimate destination of any product and service and success of any organization depends on number of satisfied, delighted, loyal customers – one timer as well as repetitive. So, the **customer is the most important stakeholder for the organization.**

Times have changed and so has changed customer's behaviour over the years. Today, customer has zero tolerance for delays; he wants delivery at his door step; he looks forward for a techno-based service and he seeks recognition from his vendor / service provider. Today's customer has **open opportunities to switch over** and thus may not be loyal to one.

It is an era of survival of the fittest and therefore focus changed from good customer service to customer satisfaction to customer delight to the customer's feeling as most important stakeholder and then to customer's belongingness.

Customer knows that **he is an important asset to the vendor / service provider entity** and therefore he looks for a return by way of service, concern and care.

Belongingness of a customer to the organization can be secured by keeping him updated on new products; customizing the products and services; ensuring fraud free atmosphere; keeping good image of the organization and offering personalized relationship.

There is a need to create a culture of customer service obsession in the organization. All the activities in the organization must be customer centric only. Come what may and do whatever, it has to be ensured that no pain – mental, physical, financial, social – is given to the customer.

Service to the customer is provided by the organisation's employees – ie. Human resources. Therefore, there is utmost need to **improve quality of human resources** through knowledge enhancement, aptitude build up via training,

development of caring and co-operative attitude, inculcating friendly and responsive behaviour. A good culture and congenial atmosphere need to dwell in the organization / entity.

Role of management and leadership is very important in guiding and motivating the employees. Unless the employees feel related to the organization and unless they care for its image and growth, they will not take care of its customers.

Customer centric leadership would take ownership and be quick in decision making. It has to think big and be curious and innovative. Leadership must earn trust of its employees and customers by **insisting on high standards, fairness and transparency.**

Customer review, whether positive or negative, plays very important role for bringing improvement and removing deficiencies. Therefore, proper attention be paid to customer review. **One negative customer's review can kill the whole big business.** Every customer is different and many times, same strategy does not apply to all customers. So need is for customization.

How to handle an angry customer is an art. Be a good listener. Do not get frustrated in dealing with a customer. Change the mood of customer and resolve his grievance. Essence of customer grievance redressal mechanism is that customer who came with a grievance should go back with a reward of **resolution, satisfaction, protection, recognition and self respect.** Such a satisfied customer will become a life long asset for the organization and will never go. Such customer will become a **Brand Ambassador** for the organisation. Objective has to be customer retention and not to let him go because retaining a customer is much easier than getting a new customer.

Last but not the least important to understand is that channel functioning works intra divisions within the organization before the product / service reaches finally to the customer. These divisions are customers to each other. Good customer service within the divisions for each other must be ensured through **proper co-ordination.**

This will ensure outstanding customer experience.

Thank you.