

THE BANKING CODES AND STANDARDS BOARD OF INDIA NEWSLETTER



CUSTOMER MATTERS

Vol. 1 Issue : 2

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ARE YOU IN A DEBT TRAP?

We can help you

- Are you worried about timely repayment of your bank loans or Credit Card dues?
- Are you looking for a way out of such a situation ?
- We will provide you credit counselling services free of cost if you are an individual or Micro or Small Enterprise and your total borrowings do not exceed Rs.50 lakh.
- Our Credit Counselling Service includes help in restructuring of your debt in consultation with your bank provided the bank is a member* of BCSBI.

You may contact us on any working day between 10:30 am and 5:30 pm at:



BANKING CODES & STANDARDS BOARD OF INDIA (BCSBI)

C-7, RBI Building, Bandra Kurla Complex, Mumbai - 400 051

Tel. No. (022) 2657 1105 Fax No. (022) 2657 3719 Email: creditcounselingbcsbi@rbi.org.in

*Please see the request form for availing of our service,
which is available at our office and also on our website www.bcsbi.org.in

BCSBI News

Shri B M Mittal, former Executive Director, UCO Bank took charge as Member, Governing Council and CEO of BCSBI on November 3, 2009 consequent upon Shri K V Subba Rao seeking voluntary retirement from the services of Reserve Bank of India.

BCSBI has commenced Credit Counselling Services at Mumbai with effect from October 1, 2009.

With the admission of 3 RRBs as members, the number of members of BCSBI now stands at 83.

Credit Counselling Services

BCSBI has commenced rendering Credit Counselling Services at its office in Mumbai.

- BCSBI provides free credit counselling services to individuals and micro and small enterprises whose credit exposure does not exceed Rs. 50 lakh.
- A borrower may approach the BCSBI through telephone, letter, fax, e-mail or personal visit.
- Counselling request form is available on BCSBI's website <http://www.bcsbi.org.in>

Our counsellors will:

- Help you evaluate your current financial situation.
- Help you make a detailed review of your income, assets and expenses.
- Provide personalized options to overcome the problem.
- Help you with a detailed debt management plan which will be individually designed to provide you with a unique solution for your financial situation.
- Work with member banks on a voluntary basis for a possible reduction in finance charges, late fees and monthly payments and increased time to pay off debt.
- Formulate a debt restructuring plan / repayment plan mutually acceptable to both the bank(s) and borrower.

At the end of the counselling session the applicant will feel good knowing that there are options available and that he is not alone.

If any member bank wishes to avail of BCSBI's counselling services outside Mumbai for its defaulting borrowers they may contact Shri S S Suresh or Shri V L Save at:

Telephone : 022-26571105

FAX : 022-26573719

e-mail : creditcounselingbcsbi@rbi.org.in

Payment and Settlement Systems

Do you know that the Reserve Bank of India has taken several initiatives to develop safe, secure and speedy payment systems through Speed Clearing, NEFT and RTGS?

What is Speed Clearing?

Speed Clearing is the collection of outstation cheques through local clearing.

How does speed clearing help a customer?

A customer at any of the 66 Speed Clearing Centres can present an outstation cheque branded 'CBS' (on the face of the cheque) and get credit within 48 hours.

How would a customer know which are the 66 Speed Clearing Centres?

Names of the 66 Speed Clearing Centres are available on RBI's website http://www.rbi.org.in/Scripts/bs_viewcontent.aspx?Id=2016

What are the charges for the service?

There are no charges for collection of cheques up to and including Rs.1 lakh. For cheques of value beyond Rs.1 lakh, banks are not permitted to charge more than Rs.150/-.

Therefore, if a customer presents a 'CBS' branded cheque of value up to Rs.1 lakh at any one of the 66 Speed Clearing Centres, no cheque collection charges can be levied by his bank.

What is NEFT?

National Electronic Fund Transfer (NEFT) is a nation-wide funds transfer system to facilitate remittance of funds from one bank branch to any other bank branch. NEFT is also enabled to accept cash up to Rs.50000/- from walk-in-customers for credit to a bank account.

What must the customer know to use this system?

- The beneficiary should have an account with a bank and the account number must be known to the remitter.
- The remitter should have a bank account if the amount to be remitted is in excess of Rs.50000/-.
- Both the bank branches concerned must be NEFT enabled.
- Name of the beneficiary's bank branch and its IFSCCode (Indian Financial System Code) must be known to the remitter.

The IFSCCode of any bank branch can be ascertained from:

- o Beneficiary; or
- o Any branch of the beneficiary's bank; or.
- o RBI's website <http://www.rbi.org.in/scripts/neft.aspx>

What are the benefits under NEFT?

- The beneficiary's account is credited on the same day or latest on the next day.
- No charges can be levied by the beneficiary's bank for receipt of funds.

What are the charges under NEFT?

- Beneficiary of the remittance pays no charges.
- The remitter has to pay only Rs.5/- to remit funds up to Rs.1 lakh and Rs.25/- for any amount above Rs.1 lakh.

Therefore, even if an individual does not have a bank account, he can still remit money up to Rs.50000/- , through banking channels for only Rs.5/-.

What is RTGS?

Real Time Gross Settlement is a mechanism where transfer of money takes place from one bank branch to another on a 'real time' and on a 'gross basis'. 'Real time' means the transaction is not subjected to any waiting period and 'Gross settlement' means that the transaction is settled on one-to-one basis without bunching with any other transaction.

- The list of RTGS enabled branches is available on RBI's website http://www.rbi.org.in/Scripts/Bs_viewRTGS.aspx
- This information can also be obtained from bank branches.

What are the benefits under RTGS?

RTGS transactions are processed continuously from 0900 to 1630 hours and transfer of money is instantaneous.

What are the charges payable under RTGS?

- Beneficiary of the remittance pays no charges.
- The remitter has to pay Rs.25/ to transfer funds up to Rs.5 lakh and Rs.50/- for a transaction above Rs.5 lakh.

Under RTGS:

- **The remitter has to have a bank account**
- **He cannot remit less than Rs.1 lakh**

Transactions through NEFT are put through in batches while transfer of funds through RTGS is instantaneous.

Best practices relating to customer service adopted by banks

Allahabad Bank

- With a view to sensitising employees about the need for rendering better customer service and preventing recurrence of such complaints the bank publishes in its Newsletter select complaints received by the bank without editing the names of the employees referred to in the complaint. The action initiated by the bank is also published

- The Trade Unions of the bank have issued a joint communication to customers in Kolkata reiterating their commitment and requesting that the signatories be contacted in case of any deficiency of service rendered.

Bank of India

- The bank has introduced 'Jet Clearing' for collection of cheques in which cheques received by branches at a centre other than the 66 centres covered by Speed Clearing are sent to the nearest local service branch for collection. As all branches of Bank of India are connected through CBS platform, delay in collection of cheques has reduced considerably, thereby enhancing customer service.

Canara Bank

- All branches are NEFT / RTGS enabled.
- The bank issues educative circulars to its employees on various topics emerging from complaints such as telephone etiquette, need to develop proper attitude and mindset while dealing with different types of customers etc.

Central Bank of India

- The bank has identified three branches in Mumbai for extensive study by an external agency to turn them into model branches in the matters of business and service rendered.

Corporation Bank

- The bank has enabled NEFT transactions through Corp Bank ATMs. All debit card holders of the bank are eligible and are required to submit a formal request letter at the card issuing branch and register in advance the names of NEFT beneficiaries.
- The bank has introduced Direct Tax payments through their ATMs. The retail customers holding the bank's debit cards are eligible to pay tax through ATMs. Such customers need to register the Tax challan details once at the card issuing branch by furnishing certain details. The bank provides SMS alerts / e-mail for registration and successful payments.

Punjab National Bank

- The bank has installed 257 electronic drop boxes for receipt of cheques wherein photocopy of the instrument along with acknowledgement indicating date and time of lodgement is automatically issued.
- The bank has created a post of Customer Care Officer at 697 branches which have more than 7500 accounts each.

Syndicate Bank

- The bank has recently brought out a booklet 'Case Studies on Customer Complaints' wherein each case study ends with a conclusion dwelling on the lesson to be drawn.

Orders of the Appellate Authority on the Decisions / Awards given by Banking Ombudsmen

■ A mother and daughter had a joint account with a scheduled commercial bank under the mandate 'Either or Survivor'. Following the demise of the mother, the bank did not honour the claim of the joint holder, as the two other daughters filed contrary claims. The joint holder filed a complaint with the Banking Ombudsman who ordered the bank to make payment of the balance amount to the joint holder along with interest as also compensation towards expenses borne by the complainant. The bank went in appeal and the **Appellate Authority upheld the decision of the Banking Ombudsman on the ground that the bank had violated the clear directions of the Reserve Bank of India by not making payment to the joint holder /survivor of the joint account. The Appellate Authority also held that establishing inter-se rights of parties is an adjudicatory process which the bank is precluded from embarking upon when clear and unambiguous instructions of the Reserve Bank of India exist.**

■ A card holder had filed a complaint with the Banking Ombudsman that a bank had deducted a sum of Rs.93,206.93 from his NRE account against payment due for a credit card which was not received / used by him. The case was dismissed by the Banking Ombudsman. The complainant appealed to the Appellate Authority. **The Appellate Authority ruled in favour of the complainant as the bank was unable to establish beyond reasonable doubt that the disputed card was issued to the complainant and the customer's track record did not justify the allegations made by the bank.**

Regulatory Initiatives

Some of the initiatives taken by RBI since September 2009 for the benefit of bank customers:

- ◆ While granting finance to specific housing / development projects, banks are advised to stipulate as part of the terms and conditions that:
The builder / developer / company would disclose in pamphlets / brochures etc., the name(s) of the bank(s) to which the property is mortgaged; append information relating to mortgage while publishing advertisements of a particular scheme in newspapers / magazines etc.; provide NOC / permission of the mortgagee bank for sale of flats/property, if required.
- ◆ Loans granted by banks for undertaking 12 activities / services in addition to the existing list of eligible activities / services will now be included within the priority sector,

provided that such enterprise satisfies the definition of MSE (Service).

- ◆ RBI has clarified that a Savings Bank account will be treated as operative even when interest on Fixed Deposit(s) is credited to the account at the instance of the customer, and there are no other transactions in the account.

Reader's voice

❓ I have taken a home loan of Rs.10 lakh from ICICI Bank. Can I pre-pay part of the loan amount? Will I have to pay a penalty if I pre-pay the loan amount? Will RBI intervene? - Vatika Sibal

✉ In terms of para 8.11.1 a of the Code of Bank's Commitment to Customers – August 2009 (Available on our website www.bcsbi.org.in) pre-payment options and charges, if any, are to be provided at the time of sourcing the loan. If the sanction letter issued to you / loan agreement entered into by you with the bank provides for prepayment option and pre-closure charges, the bank has to permit pre-payment and can levy charges as agreed upon. RBI does not intervene as operational freedom has been given by Reserve Bank of India to all scheduled commercial banks on matters pertaining to banking transactions, including pre-payment / foreclosure of loans.

❓ I issued a cheque for Rs.292/- drawn on SBI, Khar branch in favour of my ISP and got a call from the payee that it had bounced. The return advice gave the reason as 'Dormant'. On enquiry I was told that as there was no withdrawal in the account for more than a year, it was treated as dormant. Please let me know whether RBI has issued any guidelines on the subject. – Mark D'Souza

✉ In terms of RBI circular DBOD No. Leg. BC34/09.07.005/2008-09 dated August 22, 2008 a Savings account should be treated as inoperative / dormant if there are no transactions in the account for over a period of two years. In terms of para 8.1.6 of the Code of Bank's Commitment to Customers (August 2009) the bank is committed to inform the customer three months before his account is classified as dormant/inoperative.

Please also see news item under 'Regulatory Initiatives' above.

Would you like to share any information/experience connected with customer service? If so, please feel free to write to us at C-7 RBI Building, Bandra-Kurla Complex, Mumbai 400 051 or mail us at ceo.bcsbi@rbi.org.in