

CUSTOMER MATTERS

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BCSBI NEWS

With the admission of three Regional Rural Banks and one Urban Co-operative Bank, the membership of BCSBI stands at 104 banks.

Continuing our efforts to highlight the role played by Micro and Small Enterprises and the role of banks in the growth of this sector through their commitments enshrined in the Code of Bank's Commitment to Micro and Small Enterprises, BCSBI officials have addressed bankers and State Government officials through the forum of the State Level Bankers Committee in 23 States and Union Territories. It is expected that having been made aware of the commitments made by banks in the MSE Code, banks will take proactive steps to lend to this important sector.

Dr. Subir Gokarn, Deputy Governor, Reserve Bank of India visited BCSBI on November 29, 2010. He interacted with members of the Governing Council as also the staff of the BCSBI. He urged BCSBI to escalate the awareness programmes so that both bankers and members of the public are made aware of their rights under the two Codes. He also assured RBI's support in this regard.

CERTIFICATE COURSE ON CUSTOMER SERVICE AND BANKING CODES & STANDARDS

The Indian Institute of Banking and Finance (IIBF) in association with the Banking Codes and Standards Board of India has announced a Certificate Course on "Customer Service and Banking Codes and Standards". The objective of the Course is to enable banking personnel especially those who interact with different customers to appreciate the finer aspects of banker –customer relationships and render effective customer service.

- Any bank employee and any graduate of a recognized university or its equivalent is eligible to appear for the examination.
- Question Paper will contain 120 multiple-choice objective type questions for 100 marks. The examination will be conducted on-line. Duration of the examination will be 2 hours.
- Examination will be conducted in English and Hindi medium.
- Syllabus: will include banker-customer relationships; importance of customer service;

Members of the Governing Council of BCSBI with Dr. Subir Gokarn, Deputy Governor, RBI.



(R to L) Shri B M Mittal, Smt. K J Udeshi, Dr. Subir Gokarn, Shri V P Shetty, Dr. Ajit Ranade, Shri M M Chitale, Shri Cyrus Guzder.

modern day banking; different retail products; regulations and instructions; grievance redressal; BCSBI and the Code of Bank's Commitment to Customers and the Code of Bank's Commitment to Micro and Small Enterprises.

For further details you may log on to www.iibf.org.in

BCSBI has instituted cash awards for the first three toppers in the examination.

The course was launched by Dr. K C Chakrabarty, Deputy Governor, Reserve Bank of India at a function held on November 12, 2010. The Deputy Governor exhorted bankers to treat customers fairly, with emphasis on transparency, speed and cordiality. Shri O P Bhatt, President, Governing Council of IIBF and Chairman, State Bank of India while addressing the gathering said that good customer service would come from improvement in knowledge and skill of the staff and their willingness to serve.

Dr. K Ramakrishnan, Chief Executive, Indian Banks' Association and senior officials from RBI and banks and representatives of electronic and print media were present.

'CERTIFICATE COURSE ON CUSTOMER SERVICE AND BANKING CODES AND STANDARDS'



At the launch of the 'Certificate Course on Customer Service and Banking Codes and Standards' - (R to L) Shri B M Mittal, Shri O P Bhatt, Dr. K C Chakrabarty, Smt. K J Udeshi

SYSTEMIC ISSUES ADDRESSED BY BCSBI

BCSBI is not a forum for grievance redressal. However, complaints received are examined to identify any systemic issue that may exist. These are then taken up with the respective banks to ensure that systems and procedures are suitably amended so that similar complaints do not recur. Some of the systemic issues emanating from complaints received at BCSBI and the decisions of Appellate Authority under Banking Ombudsman Scheme, taken up with specific banks and rectified by them are listed below:

- ❖ Though a bank was only acting as an agent to sell certain products, the display on its website in respect of these products often misled people into believing that the product / service was being provided by the bank. Acting on the observation made by BCSBI, the bank modified the contents on its website to ensure that customers were not misled.
- ❖ Banks were issuing insurance and other card related products based on telephonic consent of customers. This issue has been addressed in the revised Code of Bank's Commitment to Customers, 2009 in terms of which banks are committed to take written consent of the customer before he actually avails of such products.
- ❖ A bank in its 'Card Member Agreement' had reserved the right to vary any of the terms and conditions of the agreement from time to time without prior notice to the card holder. On pursuing the matter with the bank, the agreement format has been amended to comply with Code provisions.
- ❖ A transaction involving withdrawal of Rs.10000/- from the ATM did not fructify. The customer's account was debited with the said amount after a period of two years on the plea that at the time of reconciliation, it was detected that the amount was disbursed but inadvertently not debited to the account. Though the amount was refunded, the matter of delayed reconciliation /debit was taken up with the concerned bank. The bank then introduced the system to send unreconciled transaction

reports to the branches on a day-to-day basis with instructions to attend to them without delay and send confirmation for the same.

- ❖ A bank while prematurely closing a term deposit deducted Income Tax without informing the customer. Further, it did not issue the TDS certificate as required. The matter was pursued with the bank to ensure that such lapses did not recur. The bank issued guidelines to its branches to ensure timely issuance of TDS certificates to all customers. The bank has also started the process of centralising issuance of such certificates to avoid such complaints in future.
- ❖ A bank upgraded a credit card issued to a customer and also issued an add-on card in the name of the customer's wife without receiving any request from the customer. As this action of the bank was in violation of para 8.13 (f) of the Code of Bank's Commitment to Customers, the matter was taken up with the bank which then prescribed in its policy and procedures the requirement to obtain consent of the primary applicant for issue of add on credit cards and for upgradation of cards. Further sourcing of credit cards is now being done through the bank's branches and the use of Direct Selling Agents has been discontinued.

FROM MICRO TO SMALL TO LARGE – MAKE IT POSSIBLE

Till two years ago Nasir Hussein was just another artisan in the city of Moradabad, Uttar Pradesh who took on small jobs to make ends meet. He earned barely Rs.3000/- a month. He lived in a single room with his family of six.

At an artisan mega credit camp organized by Punjab National Bank in Moradabad, Nasir Hussein was one of the artisans identified for credit linkages and the bank sanctioned a credit facility of Rs. 50,000/- under Artisans Credit Card Scheme for which no collateral security or third party guarantee was asked for and offered to provide support services to enable him to set up an independent unit to manufacture brass products.

This was the turning point in Hussein's life. His income has increased fourfold and from working alone in a small room in his compound, Hussein has now a network of artisans working with him.

Through its efforts Punjab National Bank has proved that a small enterprise with financial support and encouragement can become a big enterprise tomorrow.



Nasir Hussain in his workshop

INITIATIVES TAKEN BY PUNJAB NATIONAL BANK TO SUPPORT MICRO ENTERPRISES



Shri K R Kamath
CMD, Punjab National Bank

- ✓ All loans up to ₹100 lakh given free of collateral and third party guarantee against the mandatory prescription of RBI for collateral free lending up to ₹10 lakh
- ✓ Providing concession of 0.50% in rate of interest for advances up to ₹25 lakh
- ✓ Funding interest on term loans and working capital loans during implementation / moratorium period
- ✓ Extending credit to the trading segment at the same rates as being charged to manufacturing sector
- ✓ Adopted rule based Credit Scoring Model for loans up to ₹50 lakh to avoid subjectivity in credit decisions.

TOP DOWN THRUST TO CUSTOMER SERVICE IS VISIBLE – WILL IT REACH THE GRASS ROOT LEVEL?



Normally a newly appointed Chairman / CEO of a bank announces his intention to make his bank the No. 1 bank by increasing the deposit and credit portfolio of the bank. When Shri Sunder Rajan Raman was appointed Chairman and Managing Director of Canara Bank, he made a statement with a difference. In an interview with The Hindu Businessline he said "I do not believe in making it the No. 1 or No.2 bank but my efforts would be to make all my customers only bank with us – which would mean better service to the customers. Take good care of your customers and they'll take care of you".

Shri Shiva Kumar, Deputy Managing Director, State Bank of India in a chat with Business Standard has said "Quality of service makes a lot of difference and I believe in providing good service". He introduced the 'SMS Unhappy' service in SBI – simply text the word 'unhappy' to a service number and receive a prompt response from a customer care officer.



CASE STUDY

In the last issue of our newsletter we had discussed the case of Shri Taparia whose loan account with his bank had turned into an NPA and there was a stalemate between the borrower and the bank. We had called for suggestions from readers on this case. Some of the responses received from readers were as follows:

- ❖ Based on past history of the account holder and his conduct and character, revival of the unit could be considered by the bank.
Loan should be restructured and additional loan given to enable the unit to break even.
- ❖ Bank should be innovative in its approach and not orthodox. The initial loan should be rescheduled and additional working capital to be given and end use of funds to be overseen.
- ❖ Shri Taparia is a victim of two dishonoured bills. He cannot absorb such losses and under the reformed financial norms, he has no way to carry forward. One

time settlement should not be indicated as such in CIBIL records as creditors are wary of lending to such persons. If his name does not appear in CIBIL records as having opted for one time settlement, he would somehow come out of the problem and can start his life afresh.

- ❖ Borrower should be given an opportunity to revive the unit. Policy guidelines on MSE sector allow relaxations in margins, security, interest rates etc.

Most of the responses from readers lean towards the borrower and are in favour of the existing loan being rescheduled and the borrower being given additional working capital to revive the unit. The fact of the matter is that the borrower was not responsive to the efforts made to bring about a reconciliation between him and the bank for restructuring of the loan.

REGULATORY INITIATIVES

- ▶ Banks are required to indicate the 'date of return' in the Cheque Return Memo that is sent along with a cheque that is dishonoured or returned.
- ▶ Banks are required to print the name of the remitter in the pass book / statement of account in the case of all electronic payments.
- ▶ As an incentive to customers to move their transactions to NEFT, a new value band in the ₹1 lakh to ₹2 lakh segment has been created, with customers having to pay charges of ₹15/-.

Banks are required to transparently disclose to the borrower all information about fees/charges payable for processing the loan application, the amount of fees refundable if loan amount is not sanctioned/disbursed, pre-payment options and charges, if any, penalty for delayed repayments if any, conversion charges for switching loan from fixed to floating rates or vice versa, existence of any interest reset clause and any other matter which affects the interest of the borrower. Such information should also be displayed in the website of the banks for all categories of loan products. It should also be ensured that such charges / fees are non-discriminatory. [also see para 8.11.1 (a) of the Code of Bank's Commitment to Customers – 2009]

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