

BCSBI NEWS

With the admission of two more Urban Co-operative Banks and three Regional Rural Banks as members, the membership of BCSBI stands at 88. Visit www.bcsbi.org.in for the list of members.

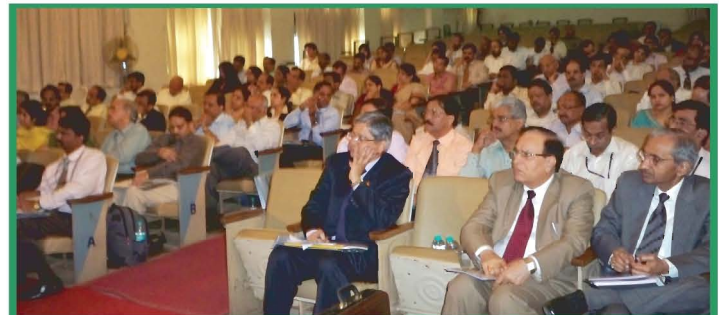
To spread awareness of the provisions of the Code of Bank's Commitment to Customers and Code of Bank's Commitment to Micro and Small Enterprises among both bank personnel and customers:

- Chairmen/CEOs and General Managers of seventeen new member banks were invited for a meeting held at RBI, Mumbai on December 11, 2009.
- A one day workshop for Urban Co-operative Banks was held at RBI's College of Agricultural Banking, Pune on January 3, 2010. Bank of Maharashtra, Convenor, State Level Bankers Committee, Maharashtra participated in the programme. An interactive session with select customers of these banks was also held in the afternoon.
- BCSBI conducted on-location workshops for personnel of nine RRBs at their respective Head Offices.
- A workshop for members of faculty of banks was held in Mumbai on January 15, 2010. 107 officials from 53 banks attended the workshop.

If any bank desires that BCSBI should conduct similar workshops for their staff members, they may please contact us at (Tel) - 022-26570465 (e-mail) ceo.bcsbi@rbi.org.in BCSBI will be happy to associate with such programmes.



Participants at the workshop conducted at RBI's College for Agricultural Banking at Pune on January 03, 2010.



Participants with CEO, BCSBI at the workshop conducted for members of faculty on January 15, 2010 at Mumbai.



Chairmen / Senior Officials of RRBs and UCBs at the meeting held on December 11, 2009.



CEO Shri B. M. Mittal (Second from right) addressing officials of Bank of Maharashtra and Urban Co-operative Banks at Pune on January 03, 2010. Others in the photograph from right to left S/Shri S.S. Suresh, R. C. Arora, P. B. Vaze.



Senior Vice President and Head Compliance, Shri R. C. Arora, (fourth from right) addressing officials of Sarva UP Gramin Bank at its Head Office in Meerut.

CREDIT REFERENCE AGENCIES

Have you sometimes wondered why a bank has refused to grant you a loan you have applied for? One of the reasons may be that your Credit Report which the bank has accessed from a Credit Reference Agency (CRA) is not satisfactory.

What is a CRA ?

A CRA or Credit Information Bureau is a repository of the credit history of commercial and consumer/ retail borrowers obtained from credit institutions.

Which are the CRAs functioning in India?

Credit Information Bureau (India) Limited (CIBIL) is, at present, the only CRA functioning in India.

What is a Credit Report?

A Credit Report as compiled by CIBIL would contain a borrower's identity information such as name, address, date of birth as also detailed information about his credit history - all credit accounts / loans availed; late payments/ defaults/ settlements/ and recent inquiries made by credit institutions. The report available with CIBIL is a mirror image of the information of the loan accounts available with the credit institutions and is made available to its members.

The report can be obtained from CIBIL by the borrower also at a cost of Rs.142/-. Borrowers can also request the bank from whom they have sought a credit facility for a copy of the credit report obtained by the bank, for an amount not exceeding Rs.50/-. (Para 5.1e of the Code of Bank's Commitment to Customers – August 2009)

What should a borrower be aware of regarding information given to CIBIL?

- ❖ A customer should be aware that nobody has a right to credit.
- ❖ The information with CIBIL is factual information as reflected in the bank's books.
- ❖ While a bank may not let a delay in payment of a single EMI affect its credit decision, if the record shows delayed repayments over a period of time, chances of getting a loan are low.
- ❖ If an account is overdue and a bank has agreed to accept a mutually agreed amount to close the loan

account, the same will be reported to CIBIL as such.

- ❖ Similarly loans which have been restructured / rephased to facilitate re-payment or have been written off would be reflected as such in the credit report.

What about disputed transactions?

- ❖ If an account is under dispute, the amount together with interest will continue to be shown as overdue till the matter is resolved.
- ❖ If, when the matter is resolved, it is established that the error is on the part of the bank, the bank will be required to send the corrected data to CIBIL so that CIBIL can carry out the changes in the report.

Customers should be aware that a CRA does not make changes to any information on its own. It is only a custodian of information received from credit institutions. The CRA is permitted to make changes to a borrower's credit information only when it is confirmed by the credit institution.

Is the fact of rejection of loan reflected in the Credit Report?

Rejection of credit applications do not find a place in the report as members are not required to report this fact.

What does a borrower need to do if after obtaining his credit report from CIBIL, he finds it to be incorrect?

- ❖ The borrower may approach CIBIL with documentation to establish that the report is incorrect to enable CIBIL to take up the matter with the bank for rectification.
- ❖ The borrower can contact the bank from whom he has availed the loan and request them to make the necessary changes. The credit grantor (bank) will then report the change to CIBIL which will subsequently make the necessary updates in its records.

EXEMPLARY CASES

- ❑ A bank had come out with an offer that anyone spending Rs.70000/- on their credit card during September 15 to November 15, 2007 would get 15% cash back. The card holder spent an amount of

Rs.70000/- and claimed cash back as promised by the bank. He was informed that the cash back was made to a fixed number of eligible participants in chronological sequence and that he did not satisfy these criteria.

The customer made a complaint that the offer looked like anyone who spent the required amount was eligible for the cash back offer and that he was entitled to the cash back. On examination it has been held that the bank was deficient in service as it had violated para 4 (a) of the Code of Bank's Commitment to Customers which reads "We will make sure that all advertising and promotional material is clear, and not misleading". Further, it had printed the terms and conditions of the offer in an ambiguous and misleading manner so that the customer did not get a clear picture of the offer on the first reading. Moreover, the bank had violated RBI instructions by printing the Most Important Terms & Conditions (MITC) in very fine print when RBI has instructed that the font size to be used is a minimum of Arial 12. The bank was, therefore, required to pay the customer the amount he was eligible for in the cash back offer.

- A customer tried to withdraw Rs.10000/- from the ATM in the branch premises of the bank where he had his SB account. The transaction failed as the money was not dispensed. The matter was reported to the Branch Manager immediately. The Branch Manager collected the transaction slip from the customer and promised to look into the matter. As his SB account did not show a debit of Rs.10000/-, the customer did not follow up the matter with the bank. After a gap of 18 months the customer's account was debited with an amount of Rs.10000/- on the premise that the money was disbursed to him. The customer took up the matter as he had not received the cash. Investigations revealed that the contested entry was not an isolated one but an indication of a major systemic deficiency in the bank as it had several unreconciled entries relating to the same ATM. As the ATM system at the branch was malfunctioning and damage control mechanism at the bank was non-functional, the bank was required to return the amount to the customer with interest.

REGULATORY INITIATIVES

- ❖ To enable customers to know where they should complain when they face a problem at ATMs, banks are required to display at ATM locations:
 - That complaints should be lodged at the respective branch which issued the ATM card
 - Telephone numbers of help desk/contact persons of the ATM owning bank to lodge complaint/seek assistance.
- ❖ Banks are now permitted to offer mobile banking services to their customers for both funds transfer and transactions involving purchase of goods/services subject to a daily cap of Rs. 50000/- per customer. Banks are also permitted to provide fund transfer services from the accounts of their customers for delivery in cash to the recipient at ATMs or through business correspondent(s). The maximum value of such transfers is Rs.5000/- per transaction subject to a maximum value of Rs.25000/- per month, per customer.
- ❖ NEFT operating hours have been extended up to 7 p.m. on weekdays and 1p.m. on Saturdays. The remitting bank, on receipt of confirmation from the receiving bank, is required to send an SMS or e-mail to the remitter about successful transfer of funds.

READERS' VOICE

- 💡 I work for a multinational company, have four personal loans, an auto loan and five loans against credit cards and a take - home salary of Rs 30,000. I have suddenly realised that I have reached a position where I am unable to repay my loans. The result: daily calls to my office and residence, visits too! I am in a financial mess and tremendous mental stress. What should I do?
- 📄 Taking a loan is like a double-edged sword: it can ease your present, but hurt your future. Since you have taken on a new debt to repay an existing debt, you are already in a debt trap. Therefore,

- First and foremost inform your spouse/parents /family. The biggest mistake a person makes is keeping his/her family in the dark. As a result when recovery agents start calling or visiting the house, they are shocked. When the family is aware of the loan, they can actually cut down on the expenses to help increase the monthly repayments.
- Plan for repayment: List down the routine monthly expenses and narrow down on an amount you can spare towards repayment of the debt. Follow that regime diligently till the entire amount has been wiped off.
- Swap high-cost loans with low-cost ones: In the majority of cases, the reason for debt trap is the high interest rate payout that we do not anticipate. Request the bank to convert credit card dues into a loan and pay the outstanding as Equated Monthly Instalments (EMIs).
- Seek a One-Time Settlement (OTS) with the bank concerned. This will convince the bank that you are willing to pay back the loans.
- If OTS is not possible and your earnings cannot match up to the monthly outflow of dues, ask the bank to restructure the loan.
- Approach a Credit Counsellor


BCSBI provides Credit Counselling Services, free of cost, at its office in Mumbai.

You can contact our Credit Counsellors at C-7, RBI Building, Bandra-Kurla Complex, Mumbai 400 051.


Telephone : 022-26571105


FAX : 022-26573719


e-mail : creditcounselingbcsbi@rbi.org.in

 A bank issued an Insurance Policy against my credit card. My card account was debited with the premium account even though I told the bank that I was not interested in availing the facility. On enquiry, I was told that the policy was issued following my oral consent. I paid all dues on the card except that

related to the insurance policy. When I requested the bank to cancel my credit card, I was told that it was not possible since I had an outstanding of Rs.16000/- connected with the insurance policy. When I asked why the policy was issued when I had not consented for the same nor signed any documents in this regard and how the amount was debited to my account without any authorisation from me, the bank asked me to take up the matter with the insurance company.

 In terms of Para 8.15 b of the Code of Bank's Commitment to Customers – August 2009 (Code 2009) banks are committed to ensure that they have your written consent to avail of insurance products. You may, therefore take up the matter with the bank, drawing attention to the relevant provision of the Code 2009 and if your grievance is not redressed satisfactorily, you may approach the Banking Ombudsman whose name and contact details are required to be displayed at your bank branch.

 As part of our business transactions, we received a demand draft which was handed over personally by our customers. On presenting the demand draft, for payment, we found out that the demand draft had been stopped by the purchaser saying that the demand draft was lost. We have the demand draft with us as also all documents to prove that we are the genuine beneficiaries. Can the purchaser of the demand draft stop payment of the draft?

 The purchaser of a demand draft cannot call upon the bank from which he has purchased it to stop payment of the draft. If the purchaser of the demand draft reports its loss, the bank should exercise due caution if payment is not already made.

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