

## **Banking Codes and Standards Board of India**

### **Survey of compliance with the provisions of the Codes:** **Main Findings of Branch Visits**

#### **Introduction**

The Banking Codes and Standards Board of India (BCSBI) undertook a survey of bank branches / retail loan / MSE loan processing centres/hubs to verify compliance with the provisions of the Code of Bank's Commitment to Customers and Code of Bank's Commitment to Micro and Small Enterprises. A sample of 1135 branches/ hubs, spread over 22 cities, of 49 member banks (excluding RRBs and Urban Co-operative Banks) was taken up for visits. In addition, some customers were also interviewed at the branches to obtain their response.

#### **Areas where improvements have been noticed**

BCSBI had conducted a survey in 2007 of 702 branches located in five cities of Mumbai, Delhi, Kolkata, Chennai and Hyderabad to assess the level of compliance with the provisions of the Code of Bank's Commitment to Customers, 2006. As compared to the findings of that survey, the present survey showed improvements, specifically in the following areas:

- 69% of the branches were now in a position to give copy of the Code of Bank's Commitment to Customers, as compared to 53% earlier.
- In 73% (as against 65% earlier) of the branches, the literature provided to the customers explained the implication of maintaining accounts in different styles.
- In 82% (as against 60% earlier) of branches the customers were enlightened about maintaining minimum balance.
- 64% of branches (as against 48% earlier) disseminated information on method of calculation of the minimum balance in deposit accounts.
- 79% of branches (as against 43% earlier) disseminated information on penalty for non-maintenance of minimum balance.
- 81% of branches (as against 59% earlier) had opened 'No Frills' accounts.

The salient features of the findings of the current survey are given below:

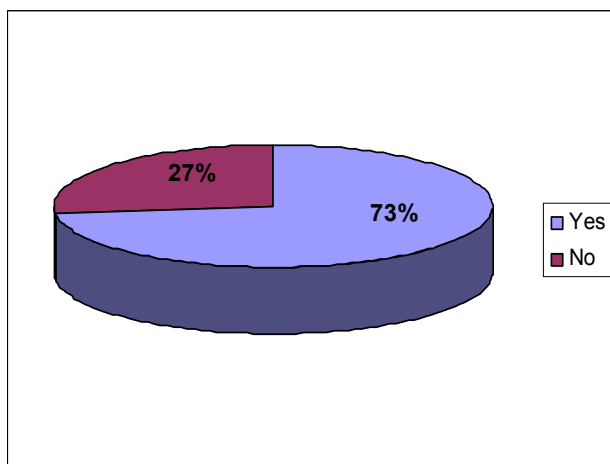
- 85% of the branches visited exchanged soiled notes, which is also one of the regulatory requirements. (ascertained *in cognito*)

- 71% of the branches exchanged / accepted coins of all denominations. (ascertained *in cognito*)
- 67% of branches visited had “Enquiry” or “May I help you” counter. (ascertained *in cognito*)
- At 75% of the branches visited, bank officials were aware of the Code of Bank’s Commitment to Customers while the percentage for the Code of Bank’s Commitment to Micro and Small Enterprises was 56.
- 60% of the branches visited had Comprehensive Notice Boards.
- 39% of the branches visited had displayed the bank’s BPLR along with its effective date, while 37% of the branches displayed Base Rate also.
- 55% of branches had a Booklet / Folder containing customer-centric policy documents and other material for the perusal of the customers.
- 59% of branches give details of credit entries in passbook, such as name of drawee bank besides instrument number.
- 70% of the branches handling forex business had pamphlets on various foreign exchange facilities to be given to the customers.
- Out of the branches which had cheque drop box, 62% had displayed a notice that the customer can also tender the cheques at the counter and obtain acknowledgement on the pay-in-slips.
- In the case of settlement of claims in respect of deceased account holders, without survivor / nominee clause, 84% branches disposed off such cases within 15 days.
- In 55% of branches visited, payment of interest for delayed collection of outstation cheques was system driven and automatic, without any manual intervention.
- 60% of the branches had a complaint book with perforated copies in each set.
- 77% of the branches had disposed of customer complaints within 30 days.
- In 89% of the branches, complaints were escalated to the higher authorities within the time frame prescribed by the bank.
- 83% of the branches visited had Customer Service Committee at the branch level.
- 70% of the branches/ hubs visited provided to the MSE / retail borrower authenticated copies of all documents (with enclosures) executed between the bank and the borrower.
- At 20% of the branches visited, it was mandatory for the customer to avail insurance cover (life / general) only from the company having tie-up with the bank.

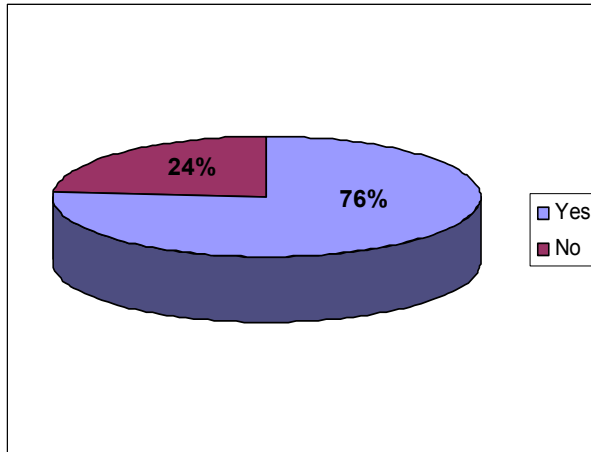
- 53% of the branches paid compensation for delay beyond 15 days in releasing the securities / documents to the borrower / guarantor after repayment of all dues as agreed to or contracted.
- In 99% of the branches, the borrowers were informed, in writing, before the bank initiated recovery proceedings.

**Graphical presentation of some of the other findings is given below:**

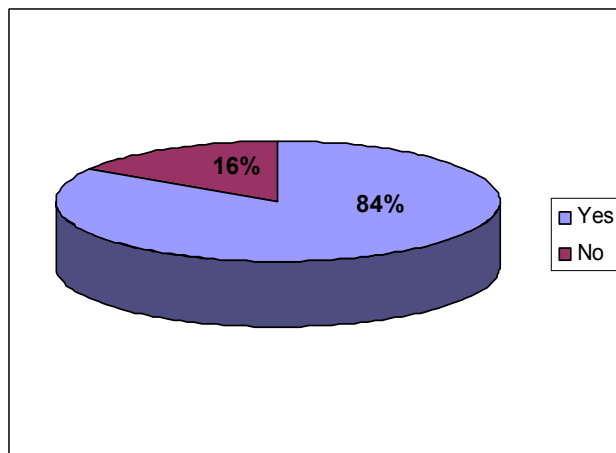
## Recording of Nomination in the passbook / statement of account



## Most Important Terms and Conditions (MITCs) conveyed upfront to customers



## Recording of name of the payee in case of debit entries in the passbook / statement of account



# Branches granting collateral free loans to MSEs

