

Banking Codes and Standards Board of India

PCCOs' Conference 2017

The annual Conference of Principal Code Compliance Officers (PCCOs) representing all member banks of Banking Codes and Standards Board of India (BCSBI) viz. (Commercial banks, Urban Co-operative Banks and Regional Rural Banks) was held on May 30, 2017 at Mayfair Banquet, Worli, Mumbai.

Shri S.S. Mundra, Deputy Governor (DG), Reserve Bank of India (RBI) graced the occasion and delivered the keynote address. Shri AC Mahajan, Chairman BCSBI, Shri C. Krishnan and Shri Uday Phadke, members of Governing Council of BCSBI, Shri S V Patil, Deputy General Manager, Consumer Education and Protection Department (CEPD), RBI and Shri Anand Aras, Chief Executive Officer (CEO), BCSBI also addressed and interacted with the participants.

At the outset, Smt Jyoti Sharma, Senior Vice President, BCSBI welcomed all the dignitaries and the delegates. She informed that BCSBI now has 129 members and it was heartening that PCCOs and nominees of 110 banks from all over India were participating in the Conference.

In his keynote address, Shri Mundra stated that during the past 12 years of its existence, BCSBI had played a pivotal role in enhancing awareness about customer service in Banks.

From 2013, BCSBI has been rating banks on Code Compliance based on inputs from Branch visits and customer's feedback. He emphasized that now that these ratings are in public domain, it will instill a sense of competition among member banks for achieving a higher level of customer service.

The Deputy Governor also expressed concern that the number of complaints received at the offices of the Banking Ombudsmen continues to rise. He urged PCCOs to take effective steps for creating greater awareness and understanding amongst the frontline staff of the Fair Practices/BCSBI codes.

He focussed on a few important measures which BCSBI, the PCCO and the Banks could initiate to further the cause of customer service in the sector. He stressed on the updation of Codes, and said that Banks should take ownership of Business Correspondents that they employ and also put in place appropriate grievance redressal mechanism for cases

involving them. He also emphasized the need to provide timely rehabilitation support to MSMEs and synergizing the roles of PCCOs and Internal Banking Ombudsmen(IBOs).

He was of the opinion that it would be appropriate for Banks to invest in an efficient technology platform which does a root cause analysis of various complaints received thereby enabling proactive preventive action. He said that RBI would be conducting an assessment of the efficacy of the IBOs during the supervisory visits.

Deputy Governor stated that with increasing use of technology and the associated risks of security, there was an immediate need for plugging all the gaps and vulnerabilities in technology enabled service delivery.

He also informed that with increase in unauthorized/fraudulent transactions, RBI had come out with a draft circular on limiting liability of customers in unauthorized electronic banking transactions.

Deputy Governor stated that first time bank customers of new small finance banks and payment Banks are made adequately aware about the need for exercising due prudence while transacting else they fall easy prey to fraudsters.

These Banks would be covered under RBI's Banking Ombudsman Scheme and BCSBI would need to enroll these new entities as member Banks so as to ensure compliance to its codes and standards.

He expressed concern over cryptic narration in passbooks/statements and stated that RBI is in the process of reiterating its guidelines to banks. The safety of cheques put in the cheque drop boxes, as also the quality of cheque leaves, customer service to senior citizens and settlement of death claims are causes of concern he added. Besides documents to serve as address proof for KYC compliance still continues to remain a major irritant. He strongly stated that while banks have been granted autonomy in fixing minimum average balance or for charging for premium services it should not be used as an excuse to deny service or to drive away common man. He informed that RBI has specifically established a department for examining the instances of regulatory violations. In view of the new developments in the area of banking, BCSBI would have to proactively review the codes and make it contemporaneous.

He highlighted the following action points.

Work towards operationalizing a query portal or FAQs for the frontline staff, updation of code of commitment to Micro and Small Enterprises and in situations where conflict arises in respect of customers of non bank players who use banking channels to fund their

e wallets, Banks should take initiative for quick resolution and lessen the frustration faced by customers while dealing with call centers.

He added that the account number portability is coming within the realms of possibility, the prospect of an aggrieved customer silently moving his or her account to another bank in the near future has become very real.

While acknowledging BCSBI's role in the area of customer protection and in formulation of policies for elimination of customer grievance, he added that it is imperative to design an architecture where BCSBI, BOs, IBOs and PCCOs complement the efforts of each other.

In his opening remarks, Shri AC Mahajan, Chairman, BCSBI said that though the Codes are developed by BCSBI, the customer belongs to the Bank. Hence it was all the more relevant that Banks adhere to the Codes and protect the interest of their customers. He appealed to the PCCOs to ensure that the Code of Bank's Commitment to Customers and other literature in the account opening welcome kit are in legible font. He also suggested that the terms and conditions could be attached as a pull out sheet or given in the form of a pamphlet in the account opening form and if possible for the sake of reference the same may be printed on the back page of the passbook. He opined that increase in the number of complaints was mostly due to lack of awareness among the staff members. He also shared the results of the recent survey on Code Compliance. He added that while Banks have added 28 crore new accounts under Jan Dhan, it casts an additional responsibility on protecting the rights of these customers. He also said that BCSBI had come up with a pictorial book encompassing 19 basic rights of the customer. He informed that BCSBI has already brought out the book in five languages and urged the Banks to take initiative to get it translated into other regional languages and publicise it among their customers. He also informed that BCSBI will shortly be taking up the work of survey on implementation of Charter of Customer Rights. He exhorted the PCCOs to ensure that Bank branches even in Metros display reading "We open BSBDA with simplified KYC norms". He reiterated the importance of holding customer service meetings regularly with participation of PCCO. He said it is in the interest of the banks to assess their level of customer service by taking assistance of mystery shoppers. He emphasized that a satisfied customer is a Bank's best ambassador. He added that proper action points on the discussions may be drawn and communicated. Compliance of such action points may be given due weightage in the next Code Compliance Survey.

Mr. C. Krishnan, Governing Council Member, BCSBI has observed against the backdrop of increasing expectations of customers the need for improved and sustained compliance with the codes cannot be overemphasized. He explained in detail the rating parameters of the compliance survey of 51 banks and the range of scores in each of the five parameters, highlighting the areas that needed improvement.

He also said that, going forward, the weightage of each of the five groups of parameters could change and there could be possibility of negative scoring too.

Mr. Uday Phadke, Governing Council Member, exhorted the PCCOs to play an active role. The codes can never be exhaustive and there are various areas where the bankers can extend the code and improve customer satisfaction further. He said while in private sector there could be ways to incentivize like variable pay or performance linked pay for improvement in customer service, in the banking sector dominated by public sector banks, there could be non monetary performance incentives like recognition and reports to the Board. He said that learning could improve from individual experiences, benchmarking with peers and international standards. He also encouraged new ideas /suggestions from PCCOs which could be sent to BCSBI from time to time.

Mr S.V.Patil, DGM,(CEPD),RBI observed that a good satisfied customer is the best Brand ambassador for an organization. He said that the frontline staff could empathetically deal with the customer's requests. He further added that while granting of advances is strictly a commercial decision, the importance of collecting necessary information for credit proposals in one go and communicating a decision with clear terms and conditions cannot be overlooked. He mentioned instances post demonetization where vendors levied higher charges for usage of debit card on their Point of Sales machine. He stressed on upholding the principle of Right of suitability while selling third party products. He also emphasized strengthening security features in net banking and sending prompt SMS alerts.

Shri Anand Aras, CEO BCSBI highlighted the mechanism of the survey of code compliance which happens once in 18 months. He emphasized the importance of submitting the self certified Annual Statement of Code Compliance on time.

He said that though the manual comprehensive notice board is getting replaced by digital screens, the display of the code provisions should repeat at shorter intervals five minutes or so on the electronic notice board. He said that the display should be bilingual. He reiterated the importance of holding customer service meetings on time. There should also be an action taken report on the suggestions emanated from such meetings. Drawing the

pointed attention of PCCOs to the deviations between the ASCs and reports of BCSBI's field managers, CEO exhorted PCCOs to exercise greater caution and preempt such deviation from next survey.

He advised PCCOs should take the survey ratings seriously and take proactive steps to improve customer service. He further added that all the complaints which are partially accepted or rejected should be referred to Internal Ombudsman before communicating to the customer. While on the subject, he emphasized the need for greater role clarity for the IOs.

He also informed that the Code of Commitment to Customers 2014 is being reviewed this year and the new version will be released before the end of the year. A Working Group has been constituted which will study and incorporate the various suggestions received from RBI, IBA, Banks and Consumer Associations.

Action points for PCCOs

1. To take effective steps for creating greater awareness and understanding amongst the frontline staff of Banks including operationalising a query portal or FAQs for their benefit.
2. To put in place appropriate grievance redressal mechanism for cases involving Business Correspondents.
3. To ensure that there is synergy in the roles of PCCOs and IBOs.
4. To ensure that complaints which are partially or fully rejected have been referred to Internal Ombudsman and communication to the customer has a mention of the same.
5. To ensure that the terms and conditions are attached as a pull out sheet or given in the form of a pamphlet in the account opening form .and if possible for the sake of reference the same may be printed on the back page of the passbook.
6. To take the initiative of getting the pictorial book encompassing 19 basic rights of the customer translated into other regional languages and publicize it.

Action point for BCSBI

1. In view of the new developments in the area of banking, BCSBI would have to proactively review the codes and make it contemporaneous.