



Banking Codes and
Standards Board of India
www.bcsbi.org.in

CUSTOMER MATTERS

Vol. 2 Issue : 4

JUNE - AUGUST 2011

CREDIT COUNSELLING BY BCSBI



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.

BCSBI TO THE RESCUE

August 1, 2011

Dear Sir,

I am writing to you about my XXX Bank credit card case.

It all started in Aug 2008 when I received my monthly credit card statement stating that I have used some car rental service in Bangalore in the month of July. I was in USA from month of June and the statement showed that I used the service in India!! Immediately I sent them a mail stating that I am out of country and there is no way I used car rental service in Bangalore requesting them to reverse the charges.

To my horror I never got any responsible reply from XXX Bank. I kept on sending request mails but to no avail. I returned back to India and there started the recovery departments irritating calls. I sent XXX Bank legal notices through consumer forum but again I never got any response from them. That time I never realized that this case will play spoilsport during my loan process.

I applied for educational loan for my MBA and AAA Bank replied stating that the loan can't be sanctioned because your CIBIL report has credit card loan written off against your pan card!! I wasn't sure about what I should be doing next. Consumer court was out of question as resolution would have taken more than a year and I needed the resolution ASAP. After browsing through some forums I came to know about BCSBI and someone had written very good comments about it. The person stated that BCSBI is there to help you and they will give you a satisfactory resolution. Being in dire need I was even prepared to pay off the entire amount to close the case. But thought why not try out one last time. I went to BCSBI office and was amazed the way everything was handled. Right from the phone query to meeting them in person. In the first meeting itself I was assured that the case will be resolved soon. The officer called the concerned nodal officer of XXX Bank right away and explained the case. He told me about the entire procedure in detail and also informed me about certain do's and don'ts when it comes to credit card usage. He asked me to keep him informed about the case. I was really happy to see that he was handling the case as if it was his own case.

After meeting him I immediately got a mail from XXX Bank stating that I will get the reply within 4 days. 4 days became 2 weeks and still there was no improvement in the case. Frustrated with the XXX Bank's service I called up BCSBI officer and he asked me to send him a complaint mail keeping XXX bank in cc. And within next three days I got a no due certificate from XXX Bank.

The case which took me 3 years without any significant progress was solved within 3-4 weeks (it would have been sooner if XXX Bank would have responded earlier) after approaching BCSBI.

Had I come to know about BCSBI earlier it would have saved me a lot of efforts, time, pain and harassment.

I am really thankful to the entire BCSBI staff. It was a real pleasant experience.

Thank you,
Gangadhar

FINANCIAL LITERACY

Why is financial literacy important?

Financial literacy is important as financial markets have become increasingly complex and as there is information asymmetry between markets and the common person, it is difficult for the common person to make informed choices.

How does financial literacy help improve the financial status of families?

Financial Literacy

- equips a consumer with the knowledge required to choose from a large number of financial products and financial providers;
- helps provide individuals with the knowledge necessary to create household budgets, initiate savings plans, manage debt and make investments for a safe future;
- helps individuals to understand possible contingencies and save for a rainy day;
- leads to consumer protection as the individual is able to make informed choices.

What are the various methods used to promote financial literacy?

At the grass root level, financial literacy and grievance redressal is delivered by arranging regular meetings of communities with people's representatives, local officials and bankers, NGOs and other stake holders. The Banking Ombudsman for the region and the major controlling offices of banks attend such meetings and perhaps even hold on-the-spot conciliation meetings for complaint redressal. Ultimately, responsible borrowing facilitated by financial literacy and responsible lending by financial institutions are essential for consumer protection and financial stability.

BCSBI NEWS

The fifth Annual General Meeting (AGM) of the Banking Codes and Standards Board of India (BCSBI) was held on June 3, 2011.

Welcoming the members, Chairman, BCSBI, Smt. K J Udeshi gave a brief account of BCSBI's achievements in the five years of its existence. She informed the General Body that the Governor and the top management of the Reserve Bank of India have reviewed the functioning of the BCSBI and appreciated the efforts made in bringing about improvements in customer service. The members were informed that with the completion of the first five year term, the Governing Council was set to undergo a structural change as envisaged in the Rules and

Regulations framed under the Memorandum of Association. The members were further informed that from the year 2011-2012, the funding pattern of BCSBI would undergo a change and BCSBI would utilize its entire annual interest income and the minimum amount required to be withdrawn from the Public Awareness Fund during the year towards meeting its expenditure and the RBI would meet the shortfall. RBI would also continue to extend additional support by continuing to provide the existing infrastructural facilities, free of cost. BCSBI would, thus, be moving towards a position of meeting an increasing portion of its expenditure over the next five years.



Members of the Governing Council at the Annual General Meeting (R to L) Shri V P Shetty, Smt. K J Udeshi, S/Shri N Raja, M M Chitale, Cyrus Guzder. Also seen in the photograph is Shri B Mahapatra, Executive Director, RBI



A section of representatives of member banks at the Annual General Meeting

Shri Narayanan Raja, former Deputy Managing Director, State Bank of India joined BCSBI on June 2, 2011 as Chief Executive Officer and ex-officio member of the Governing Council.

BCSBI conducted a survey of 1135 branches and hubs of 49 banks (excluding RRBs and UCBs) spread over 22 cities to assess compliance with the provisions of the Codes of Bank's Commitment to Customers and Micro and Small Enterprises. More than 2000 customers were also interviewed to obtain their responses regarding customer service offered by their banks. The survey findings revealed perceptible improvements in banks' dealings with customers. The survey findings have been placed on BCSBI's website www.bcsbi.org.in

Shri N Raja, CEO addressed the **State Level Bankers' Committee of West Bengal** to highlight the role banks can play in promoting the MSE sector through the commitments made in the Code of Bank's Commitment to Micro and Small Enterprises.



Shri R C Arora, Senior Vice President & Head Compliance, BCSBI addressing the participants at the customer awareness programme at Chhapra, Bihar

To enhance awareness of the Codes, Shri R C Arora, Senior Vice President and Head Compliance, BCSBI participated in the **customer awareness programme** conducted by Banking Ombudsman at **Chhapra, Bihar**.



Ms N M Shah, Senior Vice President, BCSBI amongst students at the Financial Literacy and Awareness programme in Dahanu

Ms. N M Shah, Senior Vice President, BCSBI participated in a **Financial Literacy and Financial Inclusion programme** conducted by Mithibai NSS Ex-Students Charitable Trust in Saravali Village, Dahanu, Gujarat.

BCSBI has also undertaken a campaign to promote awareness of the Codes, amongst the general public, through radio jingles (in Hindi) on Vividh Bharati stations and short TV advertisements in Hindi and regional languages on Doordarshan.

With the admission of one scheduled commercial bank and seven Regional Rural Banks, the membership of BCSBI now stands at 112.

DID YOU KNOW?

❖ Banks are required to put in place a system of online alerts for all types of transactions involving usage of cards at various channels, irrespective of the amount.

- ❖ RBI has clarified that nomination facility is available for joint accounts also. It has also been clarified that signatures of account holders in the nomination form need not be attested by witnesses. Thumb impression of the account holder is required to be attested by two witnesses.
- ❖ Pursuant to the announcement made by the Finance Minister in the budget speech for 2011-12, Government of India, Ministry of Finance notified the establishment of the Central Registry. The objective of setting up of Central Registry is to prevent frauds in loan cases involving multiple lending from different banks on the same immovable property. This Registry has become operational on March 31, 2011. Initially transactions relating to securitization and reconstruction of financial assets and those relating to mortgage by deposit of title deeds to secure any loan or advances granted by banks and financial institutions, as defined under the SARFAESI Act, are to be registered in the Central Registry. The records maintained by the Central Registry will be available for search by any lender or any other person desirous of dealing with the property. Availability of such records would prevent frauds involving multiple lending against the security of same property as well as fraudulent sale of property without disclosing the security interest over such property.
- ❖ Interest rate on domestic and ordinary Non-Resident savings deposits as well as savings deposits under Non-Resident (External) Accounts Scheme has been increased by 0.5 percentage point from 3.5 per cent to 4.0 per cent per annum with effect from May 3, 2011.
- ❖ It has been decided to increase the limit of mobile banking transactions without end-to-end encryption to ₹ 5000/- with effect from May 4, 2011.
- ❖ The time limit for resolution of customer complaints, in respect of failed ATM transactions, by the issuing banks shall stand reduced from 12 working days to 7 working days from the date of receipt of customer complaint. Accordingly, failure to recredit the customer's account within 7 working days of receipt of the complaint shall entail payment of compensation to the customer @ ₹ 100/- per day by the issuing bank. Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days of the date of the transaction.

The number of free transactions permitted per month at other bank ATMs to Savings Bank account holders shall be inclusive of all types of transactions, financial or non-financial.

INITIATIVES OF MEMBER BANKS TO ENHANCE CUSTOMER SERVICE

- ✓ Andhra Bank has launched a technology embedded service "Upset" where customers anywhere in India can ventilate their grievances through SMS for immediate resolution. The aggrieved customer is required to type 'Upset' on his mobile and send it to 9666606060. On receipt of the SMS, the customer receives an acknowledgement almost instantaneously. The bank's Customer Service Department calls the customer to find out details and then forwards the information to the branch concerned. The maximum time allowed for redressal is 48 hours.
- ✓ IDBI Bank has started a mobile banking facility in Jangipur, West Bengal for the socio-economic development of the area. For this purpose a bus has been converted into a mobile ATM which will travel to different villages in the area so as to facilitate banking services at the door step of people.

EXEMPLARY CASES

- An account holder dropped a cheque for Rs.2 lakh, drawn on bank A in the cheque drop box of bank B where he had an account. Though he did request the official at the counter to accept the cheque, he was asked to drop the cheque in the drop box. The official, however, signed the pay-in slip. The proceeds of the cheque were not credited to the customer's account even after a period of 3 weeks. On enquiry with bank B, he was told that some cheques, including the one he had deposited had been lost and he was advised to issue a stop payment order for the same. He was unable to do so as it was confirmed by the issuing bank that the cheque had already been presented by bank C and the amount credited to an account recently opened by bank C. It was concluded that the fraudulent encashment of the cheque was possible only because the cheque deposited in the drop box was stolen. There was a deficiency in the service rendered by Bank B as it did not have fool proof arrangement to account for the number of instruments in the box each time it was opened, as is required. The collecting bank – bank B was, therefore, required to make good the loss suffered by the customer due to its negligence. Bank B was required to credit the amount of ₹ 2 lakh along with interest as also pay ₹ 5000/- to the customer towards costs for representing and pursuing the complaint.
- A credit card holder settled the dues against his card but

observed that the bank had not updated the status of his account with CIBIL. The bank accepted that though the credit card account had been settled three years ago, the status of the account was not updated in the records of the bank with CIBIL. The bank rectified the record of the credit card holder subsequently. However, clear negligence was seen on the part of the bank for not updating their records for more than three years, resulting in undue harassment to the card holder. The bank was required to pay an amount of ₹10000/- to the complainant as compensation for violation of the Code of Bank's Commitment to Customers, 2009 – (Para 5.1 (d) - "If your loan amount has been in default, and thereafter regularized, we will take steps to update this information with the Credit Reference Agency in the next monthly report.") (Source: The Banking Ombudsman Scheme – Annual Report, 2009-2010)

READERS' VOICE

❓ How does a bank deal with receipt of dividends etc in the name of a deceased account holder?

📄 In terms of para 8.7.1 (d) of the Code of Bank's Commitment to Customers banks are required to obtain authorisation from the survivor(s) / nominee regarding the treatment of pipeline flows in the name of the deceased account holder. The bank will consider either of the following options:

The bank could be authorized by the survivor(s) / nominee of the deceased account holder to open an account styled as 'Estate of, the deceased' where all the pipeline flows in the name of the deceased account holder would be allowed to be credited, provided no withdrawals are made. **OR**

The bank could be authorized by the survivor(s) / nominee to return the pipeline flows to the remitter with the remark 'Account holder deceased' and to intimate the survivor(s) / nominee accordingly. The survivor (s)/ nominee / legal heir could then approach the remitter to effect payment in the name of the appropriate beneficiary.

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