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Banking Codes and Standards Board of India
भारतीय बैंकिंग कोड एवं मानक बोर्ड

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CEO's Message

Dear Readers,

Heartiest greetings to all of you.

Let me begin with a quick update of a few activities taken up during the quarter.

During the quarter, 12th BCSBI Annual General Meeting was held on 5th September, 2018 and the highlights of the same are shared on page 2 of this newsletter.

BCSBI had undertaken a comparative study of charges levied by Banks for SMS alerts to individual customers for mandated and non-mandated transactions. The scope of the study included relaxations offered to special category of customers namely rural area customers, premium depositors and senior citizens. As we all know, SMS is a widely used means of communication, both for alerts and for routine messages. The findings of the study have been shared with member Banks for improved customer service.

We have been conducting customer awareness meetings regularly across the country. During the open house session at the end of such awareness meetings, we get an insight into several customer grievances and issues. We have shared a few of these issues in the theme of the quarter "Few examples of Customer Grievance and Redressal". Going forward, we will be periodically sharing such examples along with the prevalent guidelines aimed at customer protection for the benefit of our readers.

This issue also contains the next in our series of guest articles. We are grateful to Shri. Sunny Uberai, Head, Client Services, RBL Bank who has contributed an article on "Service Differentiation" which will be of great interest to our readers.

I would conclude by wishing all the readers a Happy Festive Season.

Your suggestions for improving the Newsletter may please be sent to ceo.bcsbi@rbi.org.in.

Regards,

(Anand Aras)

Chief Executive Officer

Shri A C Mahajan, Chairman, BCSBI addresses the Annual General Meeting of BCSBI held on September 5, 2018. Seated from left are Smt. Shubhalakshmi Panse, Member, Governing Council; Shri Anand Aras, CEO, BCSBI; Shri C Krishnan, Member, Governing Council; and Shri Uday Y Phadke, Member, Governing Council

ANNUAL GENERAL MEETING

The 12th Annual General Meeting of the members of Banking Codes and Standards Board of India (BCSBI) was held on September 5, 2018 at Hotel Orchid, Vileparle (E), Mumbai.

The meeting was presided over by Shri A.C. Mahajan, Chairman BCSBI and attended by Governing Council Members Shri C Krishnan, Smt. Shubhalakshmi Panse, Shri Uday Phadke, CEO Shri Anand Aras and representatives of 73 member banks.

In his inaugural address, the Chairman gave a brief account of the various activities undertaken by BCSBI during the year under review. He informed the members that a third review of the Code of Bank's Commitment to Customers was taken up, completed and operationalized in January 2018 and expressed the hope that the provisions of the Code are being implemented in letter and spirit by member Banks. While stressing the importance of customer awareness meetings he spoke of a new policy initiative which makes it mandatory for PSBs/Private Sector Banks to hold a certain number of customer meetings from April 2018 onwards linked to their branch network.

Chairman informed the members that the Code of Bank's Commitment to Micro & Small Enterprises (MSE) was last revised and circulated in August 2015 and though due for revision this year, it will be taken up next year in view of some proposed changes in the definition of MSE, priority sector classification,etc.

The members were advised that the annual membership fees for 2018-19, which is normally collected in the first quarter of the year, was not collected due to some initial uncertainty over the applicability of GST to a non-profit organization like BCSBI. The Governing Council had subsequently decided that for the year 2018-19 annual membership fees would not be collected as the surplus available in the Public Awareness Fund along with interest earned on corpus funds would be sufficient to meet the current year's expenses.

After the Chairman's opening remarks, the Agenda items were taken up for deliberation by Shri Anand Aras, Chief Executive Officer, BCSBI. The members were asked for comments and feedback. CEO then made a few suggestions to the members like informing BCSBI whenever there is a change of Principal Code Compliance Officer (PCCO), responding to customer grievances within a reasonable time,etc. CEO reiterated Chairman's message on the importance of customer awareness meets and the difference between the regular Customer Service Meetings held in Branches as per RBI guidelines and the Customer Awareness Meetings as suggested by BCSBI.

The meeting concluded with a vote of thanks by the Chief Executive Officer.

▲ *Team BCSBI at the Annual General Meeting*

AWARENESS ACTIVITIES

Banking Codes and Standards Board of India (BCSBI) continued its ongoing efforts to increase awareness of the Codes and Standards developed by it and adopted by member banks among bank officials and customers.

During the quarter ended September 2018, BCSBI along with TransUnion CIBIL Ltd. organized customer awareness meetings at (i) Mangaluru on July 25, 2018 when around 425 customers along with bank officials from various banks situated in the region attended; (ii) Panchkula (Haryana) on August 13, 2018 when around 225 customers along with bank officials from various banks situated in the region attended; (iii) Tiruchirapally on September 25, 2018 when around 170 customers along with bank officials from various banks situated in the region attended.

▲ *Smt. Jyoti Sharma, SVP, BCSBI addresses the Customer Meet at Panchkula. Seated from left are Shri P N Khanna, LDM, Punjab National Bank; Shri A C Mahajan, Chairman, BCSBI; Shri S Venkata Raman, DGM & Secretary to BO; and Shri Gagan-deep Singh, Manager, TransUnion CIBIL Ltd*

BCSBI along with TransUnion CIBIL Ltd. organized Customer Rights Awareness workshops with officers of banks at Mangaluru on July 25, 2018, and at Tiruchirapally on September 25, 2018.

During the quarter, the BCSBI officials participated in Customer Meets organized by Banks to spread awareness of the BCSBI Codes and the grievance redressal mechanism. These Meets were organized by:

▲ *During the interactions at the Bankers' Meet held at Mangaluru, are from left Shri Yogesh Tarate, Manager, TransUnion CIBIL Ltd., Smt. Jyoti Sharma, SVP, BCSBI, Shri Rakesh Srivastava, GM, Corporation Bank, and Shri A K Menon, SVP, BCSBI.*

▲ *Shri A K Menon, SVP, BCSBI addresses the Customer Meet at Trichy. Seated on the dais from left are Shri Vaidyanathan, LDM, IOB, Smt. Sati Nair, SVP, BCSBI, and Ms. Asha Jain, Manager, TransUnion CIBIL Ltd.*

(i) United Bank of India at Kolkata on July 19, 2018;

(ii) Lakshmi Vilas Bank at Chennai and Salem on August 4, 2018 and September 10, 2018 respectively;

(iii) Karur Vysya Bank at Chennai on August 18, 2018;

(iv) Andhra Bank at Bhopal, Pune and Hyderabad on August 24, 2018, September 1, 2018 and September 17, 2018 respectively;

(v) IndusInd Bank at New Delhi on August 25, 2018;

(vi) Bank of Baroda at Pune on August 29, 2018; and

(vii) Vijaya Bank at Bengaluru and Mumbai on September 15, 2018 and September 24, 2018 respectively.

▲ *Smt. Hemalatha Rajan, SVP, BCSBI addresses the Customer Meet organized by Karur Vysya Bank (KVB) at Chennai. Seen from left are executives from ZO Chennai, KVB, Shri Ramaswamy and Shri Parameswaran.*

The subject of deliberation during the above meetings were aimed at enhancing the awareness of participants about their rights as bank customers. This included a presentation by the BCSBI officials on "Code of Bank's Commitment to Customers" and "Code of Bank's Commitment to MSEs".

The bank officials were informed of the new initiative taken by some banks to conduct region wise customer awareness meetings.

▲ *Shri S K Nayak, SVP, BCSBI addresses the Customer Meet organized by Lakshmi Vilas Bank (LVB) at Chennai. Others from left are Smt. Tina Anand, SVP, LVB, and Shri B Madhusudan Rao, Chief Customer Service Officer.*

The interactive sessions during the meetings focused on some of the following issues raised by customers, among other things.

a. The IVRS for customer care of some banks are slow and hence it takes very long to reach customer care representative if they have to seek clarification

b. Some customers complained that banks took 4-5 months for enhancement/ renewal of limits

c. If a customer keeps money in fixed deposit scheme of 2 banks and his aggregate annual interest on fixed deposits exceeds Rs. 2.50 lakh, will the banks deduct TDS if he has submitted 15G form?

d. Charges debited by banks, and noticed only when the customer receives statement of accounts

e. Will CIBIL score of customer get affected if member banks extract his CIBIL report?

f. How can a customer improve his CIBIL score?

g. Banks should share rating report with customers to bring more transparency

h. Clarifications were sought regarding credit score/ reports specifically regarding updation of data, misuse of CIBIL report to get competitive interest rates, etc.

i. How could one get the CIBIL report rectified

During the quarter, the officials of BCSBI participated in a meeting on "Customer Protection" organized by Banking Ombudsman, Madhya Pradesh at Raisen on September 25, 2018. They also provided faculty support by taking sessions on BCSBI Codes for officials of Suryodaya Small Finance Bank Ltd. and for certified compliance professionals in a training programme conducted by IIBF, Mumbai

FEW EXAMPLES ON CUSTOMER GRIEVANCES AND THEIR REDRESSAL

Today if we visit any bank, be it a public sector bank or a private sector bank or a foreign bank, the services and products offered are more or less the same. Similar is the case with internet and digital banking. Then what is it that differentiates one bank from the other…yes you guessed it right…It is the excellence in customer service which has emerged as the key differentiator. For achieving customer excellence, banks need to understand customer needs and expectations.

Against the above backdrop, it is pertinent to mention the BCSBI Codes viz (i) Code of Bank's Commitment to Customers and (ii)Code of Bank's Commitment to Micro &Small Enterprises(MSE),which enshrine the customer rights and ways to safeguard them through appropriate grievance redressal mechanism. In order to facilitate the process, BCSBI has been conducting customer awareness meetings regularly across the country. During the open house towards the end of such customers' awareness programmes, we get an insight into several customers' grievances and service related issues.

In this article we would dwell on just a few of the customer grievances and the prevalent guidelines aimed at customer protection.

I. Service charges:

In one of the customer awareness meetings, a customer complained that he maintained a Corporate Salary account with a Bank. Subsequently he changed his job and moved to a different location. The bank changed the classification of the account from a Corporate Salary account to a general account. A number of charges were debited to the account which was now subjected to minimum balance requirement.

Banks need to inform the customer, especially in such cases where conversion of the account from Salary account to General account results in minimum balance requirements and levy of service charges for non maintenance of the same. Customers should also proactively inform the Bank about change of address to avoid such situations.

II. ATM related disputes:

Customers very often complain that their accounts are debited though cash is not dispensed by the ATM. They also complain that Banks take considerable time in reimbursing the amounts to card holders in such failed transactions. Many of the customers however are not aware that the matter is to be resolved by Banks in seven days time failing which the Bank has to pay Rs.100 per day for the delayed period. For this, customers however need to lodge a complaint with the card issuing Bank within 30 days of the date of transaction to be entitled to any claims.

III. Credit Information Companies:

Customers in almost every awareness meeting bring out issues pertaining to Credit Information Companies (CICs). Since every borrower is impacted by the Credit score/report, this aspect assumes importance.

Incorrect data provided about customers' loan accounts to CIC, delay in rectifying data despite being brought to the notice of Banks, errors in inputting at the account opening stage by branches, errors relating to start date of EMIs, etc. result in an adverse impact on the rating of the customer.

One customer pointed out that he had availed a housing loan from a branch and was paying instalments regularly every month. When he applied for a car loan with the same Bank, the CIC report reflected a poor score. On a scrutiny it was found that the EMI start date was incorrectly fed in the system which resulted in showing that the EMIs were paid belatedly every month and hence the poor score.

Sometimes huge charges debited for late payment/ part payment of credit card dues and subsequently waived by Banks in some cases are reported as "settled accounts" to CIC which adversely affects the customer rating, thus jeopardizing loan prospects of a customer.

Many a customer is not aware that correction of CIC data cannot be done unilaterally by the CICs. The Home Branch where the customer maintains the account needs to take up the issues with the CICs for such rectifications.

IV. Upgradation of accounts:

During a customer awareness meet, we were informed that some Banks do upgradation of accounts without obtaining a consent from the customers. Subsequently, service charges for non-maintenance of the higher minimum balance are debited to accounts.

We ascertained the factual position from a few Banks and observed that most of the Banks send 30 days prior notice to customers through several SMS/ emails before upgrading the account. The banks also confirmed that there is no change in minimum balance requirement for the upgraded products. Besides, the communication informs the customer that the upgrade is complimentary and also mentions that non maintenance of upgradation criteria would lead to a downgrade, after giving 30 days notice, leading to withdrawal of associated benefits without any charges. In case there are changes in the terms and conditions for upgrading the account, specific positive consent should be taken from the customer for the same.

Banks need to take every possible step to prevent complaints and Customer awareness programmes offer appropriate forum for them to understand customer needs, expectations, grievances and suggestions. If the grievance redressal mechanism at each Bank is proactive, it can ensure speedy grievance redressal thus resulting in customer delight.

Fraudulent transactions effected on the pretext of changing old card to new

The complainant alleged that he received a call from someone claiming to be from a card company. The caller knew his name, his personal details and credit card number. The caller advised him that the card company was changing his old card to a new card to avoid fraudulent activities of miscreants. After the call there were four transactions made for ₹.5000/-, ₹.4000/-, ₹.20,000/-and ₹.3990/- (total ₹. 32990/-) using his card. He immediately reported the matter to the Card Company and blocked his card.

As the Card Company failed to submit any response despite reminders, the Banking Ombudsman issued an advisory to the company to pay the disputed amount of ₹ 32,990/- to the complainant on good faith basis. The Card Company confirmed compliance post which the complaint was closed.

Foreclosure Charges wrongly levied

The complainant approached the Office of the Banking Ombudsman (OBO) disputing the foreclosure charges of ₹11,50,000/ levied by the bank. They claimed that being a small enterprise belonging to the National Small Industries Corporation Ltd. (NSIC), no foreclosure charges were applicable to them. The complainant submitted a copy of the NSIC certificate along with a MSME registration certificate.

The bank justified the foreclosure charges stating that they were indicated in the sanction letter, duly signed by the complainant. A clarification was sought from the bank on the complainant's claim that no foreclosure charges were applicable to them as they were a small enterprise. The bank stated that the complainant's account was not registered as MSE or under Priority Sector in the bank's books and hence the foreclosure charges were applicable as per the sanction terms.

Considering the facts and circumstances of the case, the submissions made by both the parties and the fact that the complainant was a small enterprise registered with the NSIC, the bank was advised to refund the foreclosure charges. The bank complied with the advisory.

(Source: Cases dealt with by Banking Ombudsman, Mumbai during 2017-18)

Error in clearing Banker's Cheque (BC)

The complainant alleged that a Demand Draft received by her from Government of Telengana under a beneficiary Scheme was not paid when presented by her. The collecting bank submitted that the Bankers Cheque was returned unpaid by the paying bank with the reason "already paid". The paying bank was, therefore, advised by Banking Ombudsman (BO) to furnish the payment details. It was observed that while denying redressal to complainant claiming that the BC was already paid the bank was all along holding the amount of cheque in their internal account for over seven months. The bank admitted that the instrument was returned due to an error in entry while processing the BC received in clearing. Upon order of BO, the bank rectified the error by issuing a fresh BC to the complainant.

Senior Citizen Savings Scheme (SCSS) – Change in interest rate

The complainant held two SCSS deposits with a bank. Subsequently he transferred the deposits to another bank. He alleged that he lost interest for 6 days due to delay on part of the transferee bank in booking the deposit. Further the prevailing rate of interest booked at the transferee bank on the date of transfer was less by 0.1%. During a meeting with the officials of the two banks it was observed that the amount of the FDs were transferred from one bank to another bank by way of demand draft and not by direct transfer as envisaged under the SCSS resulting in discontinuation of deposit and rebooking the same at reduced interest rate at the transferee bank. Due to system constraints at the transferee bank, the interest could not be booked at the original rate leading to reduced interest rate being offered to the complainant. The transferee bank paid the interest for the quarter in which the FD was transferred and agreed to manually credit the difference of 0.1% interest to the complainant's account till the correction is made in the bank's system which ws accepted by the complainant.

(Source: Cases dealt with by Banking Ombudsman, Hyderabad during 2017-18)

Service Differentiation

- **Sunny Uberai,** Head - Client Services, RBL Bank Ltd.

"People will forget what you said, people will forget what you did but people will never forget how you made them feel" - Maya Angelou

This definitely holds true for a 'Consumer Service-Provider' relationship. Today, when everything is available at a click of a button, consumers are getting smarter and more demanding than ever before. They have more information and options available at any given time. Technology is playing a big role in this shift with the introduction of Artificial Intelligence, Automation of services (e.g. ChatBots), Self-service terminals and Internet of Things (IoT). There is a shift in customer expectations and customers are expecting organisations to walk into their shoes and pre-empt their needs even before an interaction has taken place.

So how does Service respond to this ever-changing environment?

Service today has become highly robotic and to be able to create different service experiences for our customers, we need to have a fine blend between the physical and the digital. In other words, we need to create a 'High touch + High tech' environment and offer the best of both worlds by proactively judging customers' likes, dislikes and personalities. With the advent of analytics and big data in recent times, organizations are now privy to copious amounts of data on each individual thereby giving companies leverage to anticipate customer preferences and work backwards to make pre-emptive offers and more suitable solutions.

With the help of analytics the service industry is slowly realizing the value of personalization and to cite a few instances, we can now see restaurants all over the world, offer flexible menus – where each customer can craft their own meal by selecting their choice of ingredients and coffee shops have started offering work desks with charging points and free Wi-Fi to offer convenience to the customers. Today, customer service is not just about serving with a smile but about giving more options, more personalization and using a differentiated approach for every customer.

When it comes to the Banking, it is at its very core, a 'commoditised' sector with very little differentiation. To truly stand out, Customer Service will be the single biggest differentiator. Product, Process, Technology can be copied/developed but service is unique and is an outcome of the culture of an organization. This means that all decisions taken by the managers with respect to product, process, systems, people and communications need to be scanned for service orientation and customer experience.

Service excellence must strive to keep the human element alive while using automation of services. We should be able to develop a service strategy that replaces 'standardized' with 'personalised' and replace 'transaction' with 'emotion' and 'empathy'. One of the steps towards achieving service differentiation is by hiring employees who seek to create experiences for the customers and train them to engage customers by offering exclusivity. Thus a plethora of listening, feeling and resolution driven service across both automated and human channels will be paramount.

In this competitive landscape, service oriented people and technology will enable us to interact with our customers instantly and leverage service to create better growth and opportunities for an organisation. Just how everything else is available at the click of the button, Customer Service needs to be moulded for meeting the different expectations of the individual customer……over their preferred service channel.

ABOUT THE AUTHOR

Shri Sunny Uberai, Head - Client Services, RBL Bank Ltd., brings over 34 years of experience as a banking professional across IT, Operations, HR, Finance and strategy implementation. He has been instrumental in knitting the service architecture, developing and rolling-out of the service strategy for the Bank to enhance client focus. His work spans across operating platforms of branches, contact centers, electronic channels and operations, to ensure that the bank delivers beyond customer expectations and stays competitive in the market. Prior to joining RBL Bank, Shri Uberai had gained consulting experience across a number of markets in Asia as he had worked in the capacity of a COO/CFO at the group function level and Regions for ABN AMRO Bank in Europe, the Middle East and Africa. Apart from this, he also served as CIO & CHRO for ABN AMRO Bank at both regional and country levels.

Shri Uberai is a Chartered Accountant of 1982 batch and a Certified Information Systems Auditor (1988).

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The views expressed in 'Customer Matters' are not necessarily the views of BCSBI Management.