



Banking Codes and Standards
Board of India

भारतीय बैंकिंग कोड एवं मानक बोर्ड

www.bcsbi.org.in

Customer Matters

CEO's Message

Dear Readers,

It has always been a great pleasure and honour to stay connected with you all through our newsletter 'Customer Matters'.

As informed in our earlier issue, the Code of Bank's Commitment to Customers 2014 is currently being reviewed by a Working Group comprising of senior officials from Reserve Bank of India, Indian Bank's Association, select Banks and Depositors' Association. In the last three years there has been a lot of changes including regulatory circulars on the retail banking front. With a view to incorporating the relevant changes and additions related to the developments post 2014, we had many rounds of discussions and deliberations with the Working Group members, during this quarter.

With the recent thrust towards a near cashless economy, there has been an increase in the number of banking customers and also users of digital banking. There has been a whole host of new payment initiatives like e-wallet, mobile banking, UPI, BHIM, Aadhaar linked banking. One of the major change proposed in the existing Codes is updating the Code of Bank's Commitment with a view to protecting the interest of the customer and make the digital and electronic banking experience safe and satisfying.

Given the increase in digital transactions, there has also been an uptick in reported cyber frauds. We have therefore, incorporated the highlights of the recent RBI circular on limited liability of customers in respect of unauthorized transactions in our next version of the Code. This will reassure the customer regarding his liability in case he/she has not been negligent.

With a view to educating the customers who are first time entrants to formal banking channels, we had launched a pictorial booklet presenting nineteen basic rights of customers in an easy to understand format using pictures or situations to which they could relate. Encouraged by the response, we have been conducting a "Know Your Rights" as a Banking Customer Programmes in Tier 2 and Tier 3 cities to spread the awareness of banking customers' rights and obligations. We hope that our member Banks will follow suit and spread this message through their Business Correspondents/Financial Literacy Centres.

This issue also contains a guest article, the third in our series. We are grateful to Shri Mayank Mehta, Executive Director, Bank of Baroda, who has written an informative article on 'Customer Service' which will be of great interest to our readers. I once again appeal to you to please provide your valuable feedback, on the new initiatives taken by us. Your suggestions for improving the Newsletter may please be sent to ceo.bcsbi@rbi.org.in.

Regards,

(Anand Aras)

Chief Executive Officer

BCSBI News

As of the quarter ended September 2017, the membership of Banking Codes and Standards Board of India (BCSBI) stands at 129.

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Annual General Meeting

The 11th Annual General Meeting of the members of Banking Codes and Standards Board of India (BCSBI) was held on July 12, 2017, at the Reserve Bank of India, Central Office Building, Mumbai.



▲ Shri A C Mahajan, Chairman (third from right) gives the inaugural address at the 11th Annual General Meeting. Seen from left are Shri D P Sudhaker, SVP; Smt. Rama Bijapurkar, GC Member; Smt. S Panse, GC Member; Shri Anand Aras, CEO; and Shri C Krishnan, GC Member.

The meeting was presided over by Shri A C Mahajan, Chairman, BCSBI. All the members of the Governing Council (GC) and Shri Anand, Deputy General Manager, Consumer Education and Protection Department, RBI were present.

In his inaugural address, the Chairman gave a brief account of the various activities undertaken by BCSBI during the year under review. Besides other things, he informed the members that a fresh review of the Code of Bank's Commitment to Customers which was last revised in 2014, was underway. The revised Code, he said will additionally focus on Customer's Charter of Rights, technological evolution in the payment and settlements systems and the shift to digitization.

After the Chairman's opening remarks, the Agenda items were taken up for deliberation by Shri Anand Aras, Chief Executive Officer, BCSBI. The floor was then thrown open for comments and feedback by members. Members of the GC then addressed the house.

Shri C Krishnan, Member stated that with the proposed changes in the Codes there will be additional challenges and urged banks to accelerate their efforts and implement the suggestions made by the Chairman in this regard. Smt. Rama Bijapurkar, Member expressed her thanks to all stakeholders and stated that many changes have taken place during last six years, specially the introduction of Code Compliance Rating of the banks. Smt. Shubhalakshmi Panse, Member suggested that the banks may introduce centralized facility enabling customers to respond to SMSs pertaining to "Unauthorised Electronic Banking Transactions" and that they should put in place an escalation matrix. Shri Uday Phadke, Member observed that it was the Banks' primary responsibility to comply with their commitment to the Codes and continuously improve on compliance.



▲ Cross section of the participants at the 11th Annual General Meeting

The meeting concluded with a Vote of Thanks by the Chief Executive Officer.

AWARENESS ACTIVITIES

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.

A Customer Meet was organized at Ajmer in association with TransUnion CIBIL Ltd. on June 19, 2017. Shri Anand Aras, CEO, BCSBI; Shri K P Singh, Chairman, Baroda Rajasthan Gramin Bank (BRGB); and Shri Vivek Sabharwal, TransUnion CIBIL Ltd. addressed the meeting. Around 210 customers and officials of banks in and around Ajmer attended the meeting.

Another Customer Meet was held at Chandigarh in association with TransUnion CIBIL Ltd. on August 07, 2017. Shri A C Mahajan, Chairman, BCSBI; Shri S Venkataraman,



▲ A Cross section of the audience at Ajmer

Outreach Programme

An outreach programme was organized at Kishengarh, Rajasthan on June 18, 2017 where 200 participants including 125 women from self-help groups were present. The programme focused on awareness of customer's basic rights through a Nukkad Naatak and a puppet show. The participants were also made aware of how to take up their banking related grievances.



▲ Shri A C Mahajan, Chairman, BCSBI addresses the Customer Meet at Chandigarh. Seen from left are Shri S Venkataraman, DGM & Secretary, OBO and Shri Gagandeep Singh, TransUnion CIBIL Ltd.

DGM & Secretary, Office of the Banking Ombudsman; and Shri Gagandeep Singh, TransUnion CIBIL Ltd. addressed the participants. Around 250 customers and officials from 40 banks operating in Chandigarh attended the Meet.

BCSBI organized another Customer Meet at Barabanki on August 11, 2017. Senior Vice Presidents Shri P K Agrawal and Smt. Jyoti Sharma from BCSBI; Shri S B Singh, Chairman, Gramin Bank of Aryavart (GBA); and Shri Mukul Saxena, GM, SBI addressed the participants. Customers and officers from 28 banks operating in and around Barabanki attended the Meet.

The issues raised during the above meetings among other things, pertained to: (i) recovering service charges without specific notice; (ii) anomaly in sale of third party products by banks; (iii) whether getting subsidy is customer's or bank's responsibility; (iv) can banks refuse to open current account of businessmen if they are not able to submit GST number; (v) why some banks were reluctant to sanction MUDRA loan; (vi) dispute on CIBIL data; (vii) impact on CIBIL score on rejection of loan; (viii) procedure for rectification of CIBIL report, etc.

BCSBI along with TransUnion CIBIL Ltd. organized Customer Rights Awareness workshops with officers of banks operating at Ajmer on June 19, 2017, at Bengaluru on July 14, 2017 and at Chandigarh on August 8, 2017.



▲ Smt. Hemalatha Rajan, SVP, BCSBI hands over a memento to one of the participants of the Outreach Programme

This programme which was the second edition of the "Know Your Rights" series, was conducted by BCSBI in association with Lok Samvad Sansthan, an institute working for the welfare of the community.



▲ A cross section of the audience



▲ Smt. Jyoti Sharma, SVP, BCSBI addresses the Customer Meet at Barabanki. Others from left are Shri Mukul Saxena, GM, SBI, Shri S B Singh, Chairman, GBA and Shri P K Agrawal, SVP, BCSBI

During the quarter, the officials of BCSBI attended:

1. Town Hall Meetings at Jabalpur and Raipur organized by the Banking Ombudsman, MP and Banking Ombudsman, Chhatisgarh, respectively.
2. Customer Awareness Programmes at Solapur, Nagpur and Kolhapur organized by Bank of Baroda.

Digital Banking

Digital Banking is adoption by Banks of various technologies, such as internet banking, mobile banking and various payment systems like e-wallets, UPI, BHIM, BBPS along with associated changes in internal processes and systems for providing better customer service.

Today with digitization, people need not queue up in a bank branch and almost all banking facilities can be availed through digital media from home or while on the move. Also banks have been able to penetrate rural areas with the use of technology. Only a mobile phone is required to perform a payments transaction. Online transactions play a pivotal role in e-commerce.

Of late there has been a shift towards a cashless society and the pace of digital banking has accelerated. There has been an exponential growth in digital transactions since November 2016. A recent report speaks of the contribution of non-cash modes of payment doubling over the next three years.

The latest technology offerings in the digital space by Banks like UPI, BHIM, BBPS, mobile money, e-wallets, Aadhaar linked payment solutions have created a revolution.

In the shift from traditional banking to digital banking, issues like data integrity, authentication and trust have become significant. Digital banking is fraught with cyber security risks such as phishing, vishing, malware etc. While Banks are taking all the essential precautions and risk mitigation measures, a quick recap of the following do's and don'ts would help in enjoying a safe and secure digital banking experience.

- Use a power – on/access password for the computer/laptop/mobile and a screen saver password on the computer/laptop so that no one else can use it without consent
- Always visit Bank's secure Internet Banking site directly and avoid accessing the site through a link from another site or an e-mail and verify the domain name displayed to avoid spoof websites.
- Log out of Internet Banking when the session is complete. Use the "Log out" button to logout so that the session closes. Do not just close the window to log off.
- Avoid using Internet Banking on unsecured networks like airports, cybercafés etc.
- Install security programmes to protect

against hackers, virus attacks or any malicious programmes. Update security program or antivirus on regular basis.

- Install a suitable firewall to protect PC and it's contents from outsiders.
- Disable the "File and Printing Sharing" feature on the operating system.
- Log off PC when not in use.

Additional care is to be taken to protect the device when using a mobile application or any other form of social media to access banking services. A few helpful tips in this regard are:

- Do not save the mobile banking login and password on the phone
- Do not leave the device unattended and logged into a mobile banking service.
- Lock the device to prevent unauthorized use of mobile banking service.
- Notify the Bank if the device is lost or stolen.
- Update the mobile Banking App as and when a new version/upgrade is released.
- Update the mobile to ensure that the latest security patches are available .
- Do not download apps from untrusted sources.
- Check account and transaction history regularly.

In the case of unauthorized transactions, a customer should promptly report to his bank but latest within three working days so that no liability devolves on him. Any delay beyond this may render him liable depending upon the circumstances and as per latest regulatory guidelines. In specific cases, an aggrieved customer can approach the Banking Ombudsman as well.

To conclude , the days of vanilla banking products and services are over. As we move towards the digital era with banks providing advanced technological products to various categories of customers, there is a certain amount of care and responsibility which the customer should exercise in protecting his account and personal data from cyber incidents like theft of personal information, fraudulent use of ATM cards, net banking frauds etc.

Closing and transferring of funds in the account without the consent of the A/c holder

The complainant, a current account holder of Bank "A" on behalf of a society alleged that balance in the current account had been transferred, which the society was having with the bank, without intimation and the consent of its authorised signatory. The petitioner, in his complaint had asked to reinstate the account with the amount which was present in the account when it was closed. The matter was taken up with the bank. In its reply the bank stated that the account in dispute was to be operated by the Secretary and Treasurer of the society. Later, the bank was informed that a new society was elected and they had decided to close the account. The bank contended that the account was closed after receiving necessary documents from the new society and by abiding to the extant guidelines.

The Banking Ombudsman (BO) noticed that an account opened by one committee cannot be closed based on the request given by another committee. Following BO's observation, the Bank conducted a meeting with the complainant and the matter was settled amicably by reinstating the account along with the balance amount of ₹ 52,442 which was present in the account during closure.

Delay in presentation of Cheques for clearing and validity expired, proceeds not credited.

The complainant a current account holder with bank 'A' had deposited two cheques for ₹ 5231 and ₹ 1865 respectively on July 19, 2016 drawn on bank 'B' and another Cheque for ₹ 1853 deposited on September 30, 2016 drawn on bank 'C'. The bank had not credited the proceeds of all three afore mentioned cheques to complainant's account. On constant follow up with the bank, during December 2016, the customer was informed on phone that the validity period was over and hence the proceeds could not be credited.

On taking up the matter with the bank, Office of the Banking Ombudsmen (OBO) observed that (a) the branch was unable to track the position, though the cheques were scanned by the branch (b) the cheques were not reflecting in rejection/return/deleted/duplicate list in the clearing statement

and (c) they were not able to trace the credits of the cheques. ie. the disputed instruments were neither presented in the clearing nor returned to the complainant (d) written communication regarding the fate of the cheque was not furnished and (e) the cheques presented were not available with the bank to revalidate the same.

Considering the above service deficiencies on the part of the bank, BO advised the bank to compensate the complainant for the entire financial loss with interest for the delayed period of credit.

(Source: Cases dealt by Banking Ombudsman, Thiruvananthapuram)

Sanction of loan linked to another investment

A complainant had approached the bank for a grant of loan under Chief Minister Yuva Udhmi Yojna for starting transport business and purchase of commercial vehicles. The bank representative persuaded him to make an investment of ₹ 10,00,000 in Wealth Builder plan which has yearly instalment of ₹ 2,00,000. The sanction of loan was linked to the above investment. The complainant did not have any source of income and agreed to invest initial amount of ₹ 2,00,000 by borrowing from other sources. The loan was subsequently rejected after four months. The complainant filed a complaint on July 14, 2016 with the Office of Banking Ombudsman stating that he was misled to participate in the investment plan by the bank official with the promise that the investment would guarantee his loan approval and the processing of the loan was deliberately delayed so that the free-look period for cancellation of policy lapsed. On receipt of complaint, the bank was advised to furnish its comments more specifically with regard to linking the investment policy to the grant of the loan and the reasons for delay in processing the loan application, etc. As regards mis-selling of policy, the bank was also advised to comment whether the suitability of the product sold to the complainant was examined in the light of the borrowed funds for investment when the investor did not have any regular source of income. The bank submitted their reply stating that they investigated the matter and resolved the complaint by cancelling the policy and crediting the amount together with the interest to the account of the complainant. The complaint was closed.

(Source: Case dealt by Banking Ombudsman, Bhopal)

Customer Service The key Differentiator !

*Mayank Mehta,
Executive Director, Bank of Baroda*

Customer service has evolved rapidly in the last decade from mere product delivery to the satisfaction of customer to customer engagement to the level of sharing his/her experience in the social circle. In today's fierce competitive environment, where almost all products are standardized, only customer service is the key differentiator. Customer service cannot be limited to just reaching out to the customer and retaining him/her. We should be able to gain customer confidence and market ourselves through a highly satisfied customer.

We should always remember the famous quote said by Mahatma Gandhi while dealing with the customer:

“A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider of our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.”

Advent of technology not only heralded an era of virtual organization but also the process of delivery of services has undergone dramatic changes from ATM Banking to mobile banking. With operations of technology by all the banks, the edge of first mover is lost.

In BFSI (Banking & Financial Services Industry), customer experience at the front desk matters most for delivery of tangible services. However, in respect of delivery of intangible services, it is the impression of delightful customer experience that lingers and creates loyalty to the brand.

As I said, Customer Service is the key differentiator and the Customer Service is indeed a reflection of an organization's ethos, value and culture, which are manifested in the soft skills of the employees delivering the services, exhibiting concern, care, politeness and assistance to the customers. These values, when inbuilt in an organization, business comes in as corollary to customer experience and leads to the journey of a first

time customer → repetitive customer → loyal customer → brand ambassador → advocate → business partner.

The journey of customer experience commences with human touch which can never be replaced by the robot / artificial intelligence. This warmth and relationship generated through human touch keeps a loyal customer connected with the Bank and the journey progresses from customer satisfaction to Customer Happiness to Customer Delight to Customer Loyalty. Without human touch, delivery of services through alternative channels is merely a service and has no potential to create customer loyalty. When there is personalized touch, the customers expect that they would be heard and their issues resolved.

Complaints too are integral part of this process which reflects expectations, concern and faith of a customer in the organization and prompt him to complain and share his views for betterment; otherwise the dissatisfied customer would leave and disconnect with the brand. Customer complaints give us an idea about the area of customers' concern and anxiety and help us to introspect and improve upon. Customer grievances, if taken positively, act as a boon.

Successful organisations have focused on training the employees to deliver customer value and experience. It helps an organization to stand out distinctively in the competitive world. Rendering delightful customer services result in good reviews across the media / social media platforms to gain new customers without financial spend. A satisfied customer becomes your free Brand Ambassador in the market in spreading the brand through word of mouth.

Indian culture and philosophy of “Athithi Devo Bhava” echoes the same value which has its social relevance in Indian society. Organisations which believed in ‘Customer First’ theory have always thrived and enjoyed leadership statures.

Without doubt, for any sales & service organisation, Standard of Customer Service is the key differentiator !

Thank you.



Mayank Mehta
Executive Director
Bank of Baroda

Shri Mayank Mehta is presently Executive Director in Bank of Baroda. He was General Manager and Chief Financial Officer (CFO) at Union Bank of India, before his elevation as Executive Director of Bank of Baroda.

A science Graduate from Gujarat University, Shri Mehta has a distinguished banking career spanning around four decades. A vivid learner, Shri Mehta has benefitted by several Executive Development programmes at leading institutions of the country. He is also a Certified Associate of Indian Institute of Banking and Finance (CAIB).

A leading Banker, Shri Mehta has handled diverse business portfolios i.e. Credit, International Banking Operations, Treasury Operations, Financial Inclusion, Core Banking Solutions and Government Business etc. He is proficient not only in operations and processes but also in administration as well.