

February 21, 2007
Phalguna 2, 1928 (S)

All Scheduled Commercial Banks
(excluding RRBs)

Dear Sir

Section 23 of Banking Regulation Act, 1949 – Doorstep Banking

Please refer to our circular DBOD.No.BL.BC.86/22.01.001/2004-2005 dated April 30, 2005 on the above subject, in terms of which banks were advised to formulate a scheme with the approval of their Boards, for providing services at the premises of a customer and submit it to Reserve Bank for approval.

2. In order to ensure transparency in respect of the rights and obligations of customers, uniformity in approach and to clearly delineate the risks involved, it has been decided to lay down general principles and broad parameters to be followed by banks while offering “doorstep” services to their customers. Accordingly, banks may prepare a scheme for offering “doorstep” banking services to their customers, with the approval of their Boards, in accordance with the guidelines enclosed to this letter.

3. Attention of banks is also drawn to the incidence of circulation of forged notes, particularly, high denomination notes, in the market. Banks are advised to take suitable steps to educate their “Agents” to enable them to detect forged and mutilated notes so as to avoid frauds and disputes with the customers.

4. Banks are further advised to take into account the various risks that may arise on account of offering doorstep banking services to customers directly or through agents and take effective steps to manage the same. Banks may specifically consider prescribing cash limits for their agents and customers in this regard.

5. The operation of the scheme may also be reviewed by the Boards of banks on a half-yearly basis, during the first year of its operation and subsequently on an annual basis.

Yours faithfully,
(P.Vijaya Bhaskar)
Chief General Manager

Guidelines for Doorstep Banking

1. Services to be offered

Banks can offer the following banking services to their customers at their doorstep: -

(a) **Corporate Customers/ Government Departments/ PSUs etc.**

- (i) Pick up of cash
- (ii) Pick up of instruments
- (iii) Delivery of cash against cheques received at the counter
- (iv) Delivery of demand drafts

(b) **Individual Customers/Natural persons:**

- (i) Pick up of cash
- (ii) Pick up of instruments
- (iii) Delivery of demand drafts

2. Modalities of Delivery

- (a) Through own employees
- (b) Through Agents

Where banks engage the services of Agents for delivery of services, it should be ensured that the policy approved by the Board lays down the broad principles for selection of Agents and payment of fee/commission etc. Banks may refer to the guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks issued vide our circular DBOD No.BP.40/21.04.158/2006-2007 dated November 3, 2006 and ensure that the principles enumerated therein are complied with while offering Doorstep Banking services.

3. Delivery process

- (i) Cash collected from the customer should be acknowledged by issuing a receipt on behalf of the bank;
- (ii) Cash collected from the customer should be credited to the customer's account on the same day or next working day, depending on the time of collection;
- (iii) The customer should be informed of the date of credit by issuing a suitable advice.
- (iv) Delivery of demand draft should be done by debit to the account on the basis of requisition in writing/ cheque received and not against cash or instruments collected at the doorstep;
- (v) Cash delivery services may be offered to the corporate clients/PSUs/departments of Central and State Governments against receipt of cheque only at the branch and not against telephonic request. No such facility, however, shall be made available to individual customers;

4. Risk Management

It may be ensured that the agreement entered into with the customer does not entail any legal or financial liability on the bank for failure to offer doorstep services under circumstances beyond its control. The services should be seen as a mere extension of banking services offered at the branch and the liability of the bank should be the same as if the transactions were conducted at the branch. The agreement should not provide any right to the customer to claim the services at his doorstep.

5. Transparency

Charges, if any, to be levied on the customer for doorstep services should be incorporated in the policy approved by the Board and should form part of the agreement entered into with the customer. The charges should be prominently indicated on brochures offering doorstep services.

6. Other conditions

- (i) Doorstep services should be offered to only those customers in whose case proper KYC procedures, as laid down in our circular DBOD No.AML. BC.58/14.01.001/2004-05 dated November 29, 2004 and subsequent circulars on the subject have been followed;

- (ii) The services should be offered at either the residence or office of the customer, the address of which should be clearly and explicitly mentioned in the agreement.
- (iii) The agreement/ contract with the customer shall clearly specify that the bank will be responsible for the acts of omission and commission of its 'agent'.
- (iv) The "Scheme" should not be restricted to any particular client/customer or class of customers.
- (v) Banks may keep in view the restrictions imposed by Section 10 (1) (b) (ii) (b) of the Banking Regulation Act, 1949, while making payments for the services outsourced.

7. Redressal of Grievance

a) Banks should constitute an appropriate Grievance Redressal Machinery internally for redressing complaints about services rendered by its 'agents'. The name and telephone number of the designated Grievance Redressal officer of the 'bank' should be made available to the customers including on the bank's website. The designated officer should ensure that genuine grievances of customers are redressed promptly.

b) If a customer feels that his complaint has not been satisfactorily addressed, he will have the option to approach the Office of the concerned Banking Ombudsman for redressal of his grievance/s.