



भारतीय रिज़र्व बैंक

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RBI to review Banks' Culture towards Customer Service

Photograph

The Reserve Bank of India will soon undertake incognito visits to bank branches to check culture towards customer complaints in banks. It will also undertake a review of how banks have implemented Charter of Customer Rights.

This was stated by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India. He was inaugurating the Annual Conference of Banking Ombudsmen 2016 held in Thiruvananthapuram on February 15-16, 2016. The Conference was attended by Managing Directors and Senior Executives of major Commercial Banks, Indian Banks' Association (IBA), Banking Codes and Standards Board of India (BCSBI), Banking Ombudsmen and heads of regulatory and supervisory departments of the Reserve Bank.

The Reserve Bank had put out a Charter of Customer Rights in public domain and asked banks to adapt and implement it after their Board's approval. The Governor impressed upon banks that the Grievance Redressal Mechanism must be integrated in the business operations of banks. Grievances are also an important input into regulatory and supervisory processes, he added.

"Customers must have the right to access banking services and to the grievance redressal machinery - to banks' internal mechanism for grievance redressal as well as the Banking Ombudsman Scheme of the Reserve Bank - so that they are not 'excluded' from the banking fold," he exhorted the banks. Websites, mobile phones, missed calls, physical places, and collection points could be some ways to aggregate customer complaints for redressal, he pointed out. High level of automation would not only allow customers to access the grievance redressal machinery at anytime from anywhere but also reduce the cost of grievance redressal.

Explaining the growing importance of customer awareness, customer protection and customer literacy, the Governor stated that a large segment of the population was not comfortable entering a bank even today. Moreover, only a fragment of the customer complaints came from rural areas. This clearly showed the urban bias and lack of awareness among the new entrants about customer grievance redressal processes. "We want the new entrant to be comfortable in asking not only for banking services but also about redressal of grievances," he exhorted bankers.

Referring to the complaints of mis-selling of third party products by banks, the Governor stated that the findings of some recent incognito visits undertaken by the Reserve Bank on sale of third party products by banks and a study undertaken by

some academicians/consumer activists, had hinted at mis-selling of products, especially insurance products, by banks. The findings had been shared with the Indian Banks' Association for examination with a view to bringing about an appropriate industry practice in this regard. He further added that the Reserve Bank was exploring ways to resolve customer complaints across regulators through forums, such as, Financial Stability and Development Council (FSDC). An ill-informed customer tends to make sub-optimal choices, the Governor stated and added that the Reserve Bank might even consider regulatory action against banks if they continued mis-selling of their products.

The Governor urged banks and Banking Ombudsmen that they should tilt the balance of power in favour of customers when in doubt. Even the courts of law decided the cases in favour of customers when there was a doubt about any regulation, he argued.

Earlier, Shri S.S.Mundra, Deputy Governor, Reserve Bank in his address explained the four basic principles of bank regulation as creating diversified environment, enhancing customer choice, financial inclusion and banking that is ethically right. The Reserve Bank had taken several customer focussed regulatory initiatives in the past couple of years. Introducing the Charter of Rights was one of them. He mentioned that today, with rapid developments in technology, account number portability could be within the realms of possibility. This could hugely empower a bank customer to move away from a bank if he/she was unsatisfied with the quality of its services. Shri Mundra also pointed out that the Reserve Bank was reviewing its Banking Ombudsman Scheme to enlarge the areas covered by it and to reduce the urban bias of customer redressal processes. He further indicated that the Indian Banks' Association would shortly circulate standardised forms used for certain common banking services. He emphasised the need for moving customer service from lips to heart and said that "Customer service is a business need of banks and not social service." He cautioned the bankers that if they did not take customer service seriously, competition will ensure it.

Shri U.S.Paliwal, Executive Director welcomed the Governor, Deputy Governor and all the delegates and touched upon some recent and important initiatives of the Reserve Bank in the Grievance Redressal area.

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