



# RBI Initiatives for Consumer Protection

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Some recent initiatives of the Reserve Bank of India (RBI) in consumer education and protection are:

## Charter of Customer Rights

The RBI has formulated a "Charter of Customer Rights" for banks based on global best practices in consumer protection. The Charter enshrines broad, overarching principles for protection of bank customers and enunciates the following five basic rights of bank customers

1. Right to Fair Treatment
2. Right to Transparency, Fair and Honest Dealing
3. Right to Suitability
4. Right to Privacy
5. Right to Grievances Redress and Compensation

Banks are required to prepare their own Board approved policy, incorporating the five rights of the Charter, or suitably integrate their existing Customer Service Policy with the "Model Customer Rights Policy" formulated by IBA/BCSBI.

## Retail Direct Scheme

Retail Direct scheme is a one-stop solution to facilitate investment in Government Securities by Individual Investors. Under this scheme Individual Retail investors can open Gilt Securities Account – "Retail Direct Gilt (RDG)" Account with the RBI.

To know more, [click here](#). 

## Reserve Bank - Integrated Ombudsman Scheme

The Reserve Bank - Integrated Ombudsman Scheme, 2021 integrates the existing three

The Reserve Bank - Integrated Ombudsman Scheme, 2021 integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019.

In addition to integrating the three existing schemes, the Scheme also includes under its ambit Non-Scheduled Primary Co-operative Banks with a deposit size of Rs 50 crore and above. The Scheme adopts 'One Nation One Ombudsman' approach by making the RBI Ombudsman mechanism jurisdiction neutral.

## Internal Ombudsman Scheme for Banks

With effect from September 03, 2018, all Scheduled Commercial Banks (excluding Regional Rural Banks) with 10 or more banking outlets have been required to appoint Internal Ombudsman at the apex of their grievance redress mechanism for an independent review of customer complaints that are rejected partly/ wholly by their internal grievance redress mechanism.

## Internal Ombudsman Scheme for Non-Bank System Participants (NBSPs), 2019

On the lines of the Internal Ombudsman Scheme for banks, an Internal Ombudsman Scheme was introduced for NBSPs on October 22, 2019 to strengthen their internal grievance redress mechanisms. The scheme is applicable to NBSPs (issuers of Pre-Paid Payment Instruments - PPIs) with more than one crore outstanding PPIs as on March 31 of the previous year. The NBSPs covered are mandated to appoint an independent authority at the apex of their grievance redress system to review the partly/ wholly rejected complaints.

## Complaint Management System (CMS)

RBI launched the CMS on June 24, 2019, a state-of-the-art web-based application integrating all stakeholders on one platform; customers, officials at Offices of the RBI Ombudsman, CEPCs, CEPD and Regulated Entities for enabling end-to-end complaint processing through digital mode. CMS provides real time status of complaints and also hosts comprehensive material on e-learning based consumer education to enhance awareness on financial services and consumer rights.

## Strengthening of grievance redress mechanism in banks

A comprehensive framework for strengthening of the internal grievance redress mechanism in banks was put in place in January 2021 comprising of the following aspects: (a) Enhanced disclosures on complaints (b) Recovery of cost of redress of maintainable complaints received against the banks in excess of their peer-group averages based on certain parameters, and (c) Intensive review of grievance redress mechanism of banks and initiation of required supervisory and regulatory actions.

## Other steps recently initiated for customer protection

- Abolition of penal charges on non-maintenance of minimum balances in inoperative

accounts

- Streamlining penal charges levied for non-maintenance of minimum balances in savings bank accounts
- Uniformity in inter-sol charges
- Limiting the liability of customers in unauthorised electronic banking transactions
- Conduct of Root Cause Analysis based on complaints received at RBI to initiate the required remedial measures
- A Framework for Financial Education has been formulated from a consumer protection perspective with the following components – (i) Target Group, (ii) Content, (iii) Delivery Channels, (iv) Coordination Aspects, and (v) Impact Analysis
- Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems
- Online Dispute Resolution System for Digital Payments

**Source : RBI** 

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