

PPB

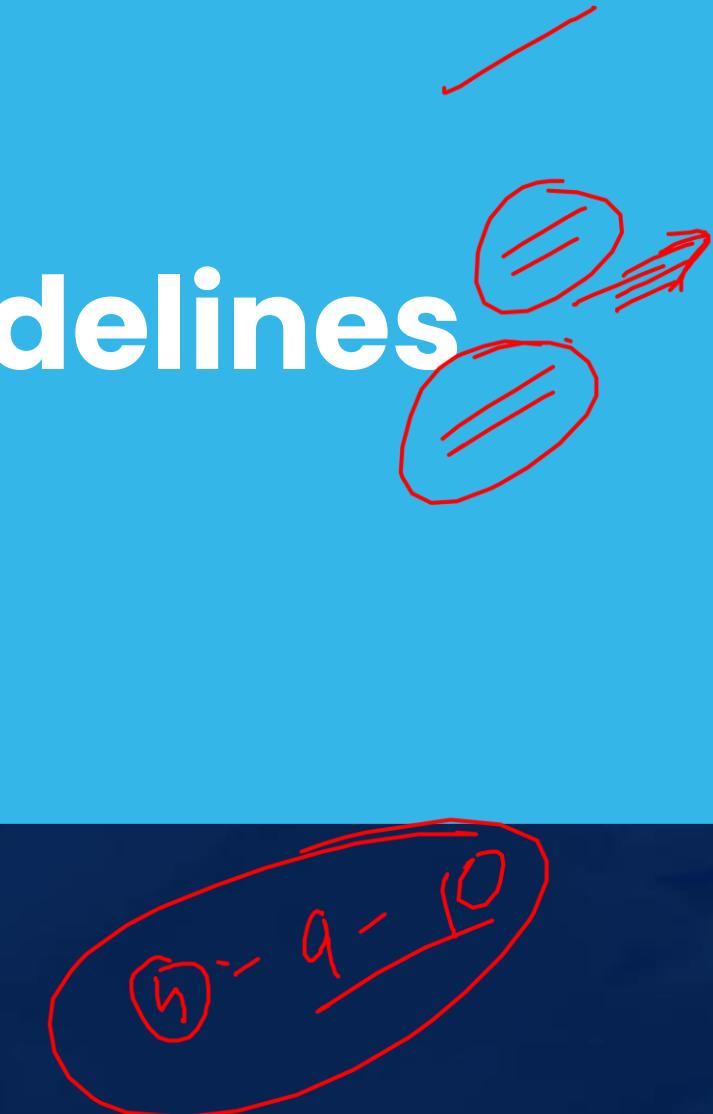
Crash course

Module- A

Lec-9



Customer service Guidelines



Agenda

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Introduction to Customer Service in Banking

Definition, importance, and RBI's role in customer service standards

02

Organizational Framework

Required committees and structures for effective customer service

03

Board-Approved Policies

Essential policies that guide customer interactions and rights

04

ATM Operations

Guidelines for effective service at ATMs

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Branch Management & Special Arrangements

Creating inclusive banking environments for all customers

Today's session will equip you with the knowledge and tools necessary to provide exceptional customer service in line with RBI guidelines and industry best practices.

Introduction to Customer Service in Banking

Customer service in banking is the act of taking care of customers' needs by providing and delivering services in a **professional, prompt, and polite manner**. It encompasses the entire customer journey:

Before Relationship

Information provision, guidance on products and services

During Relationship

Transaction handling, query resolution, regular interactions

After Relationship

Follow-ups, continued support, complaint resolution

"Good customer service is the best brand ambassador for any bank."





RBI's Commitment to Customer Service

The Reserve Bank of India has been consistently working to improve customer service standards in the banking sector. In May 2022, RBI established a six-member committee headed by former Deputy Governor B.P. Kanungo to:

Evaluate Existing Standards

Review the efficacy, adequacy, and quality of customer service in regulated entities against existing RBI guidelines

Identify Gaps

Determine areas where customer service standards are lacking and require improvement

Review Digital Landscape

Assess evolving customer service needs in the context of digital/electronic financial products and distribution

Suggest Measures

Recommend appropriate regulatory measures to enhance customer service across the banking sector

This initiative demonstrates RBI's ongoing commitment to ensuring that banks prioritize customer service excellence.

Organizational Framework for Customer Service

RBI mandates that banks establish a comprehensive organizational structure dedicated to customer service. This ensures that service quality is monitored and improved at all levels of the organization.

Customer Service Committee of the Board

Includes experts and customer representatives to formulate policies, assess compliance, and drive improvements in service quality. Plays a proactive role in addressing complaints handled by Banking Ombudsmen.

② Standing Committee on Customer Service

A cross-departmental executive committee that serves as the focal point for implementing service initiatives and providing relevant feedback to the Board Committee.

Branch Level Customer Service Committees

Meet monthly to study complaints, address delays, and improve local service. Must include at least one senior citizen and submit quarterly reports to the Standing Committee.

Nodal Department/Official

Designated point of contact at Head Office and controlling offices for customer grievances, and for liaison with the Banking Ombudsman and RBI.

Board-Approved Policies on Customer Service

Banks must have specific Board-approved policies related to customer service. These policies must be:

- Prominently displayed on the bank's website
- Posted on notice boards at branches
- Communicated to customers when establishing relationships
- Updated with any changes

These policies provide transparency and ensure customers are aware of their rights and the bank's obligations.

• Comprehensive Deposit Policy

Covers rights of depositors, operational aspects of accounts, charges, and confidentiality provisions

• Cheque Collection Policy

Details immediate credit provisions, timeframes for collection, and interest payment for delayed collection

• Customer Compensation Policy

Addresses erroneous debits, interest for delays, and unauthorized actions causing financial loss

• Customer Grievance Redressal Policy

Outlines procedures for handling complaints and ensuring timely resolution



Policy for General Management of Branches

Banks must have a Board-approved policy for the general management of branches, ensuring comfortable and efficient customer service environments. This policy should address:



Infrastructure

Adequate space, proper furniture, drinking water facilities, and provisions for pensioners, senior citizens, and disabled persons. Clean environment with appropriate temperature control.



Service Desks

Dedicated enquiry counters at larger branches in addition to reception counters. "May I Help You" desks should be available for customer guidance.



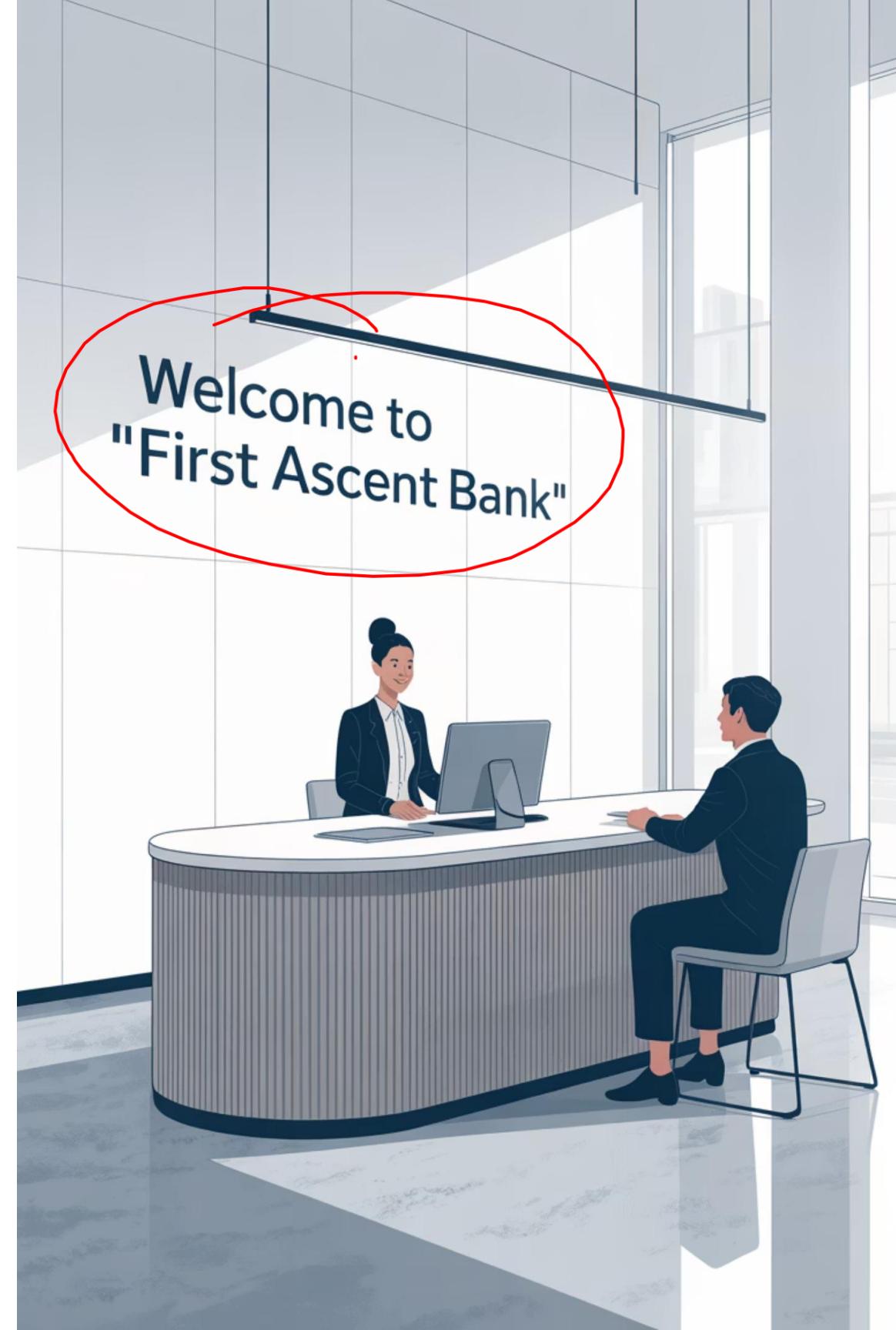
Communication

Multi-lingual indicator boards at all counters and multilingual booklets on services and facilities to assist customers of various backgrounds.



Staff Support

Roving officials to ensure employee responsiveness and assist customers with their transactions. Complaint boxes and online systems for feedback.



ATM Operations: Key Guidelines

Free Transactions

Customers are entitled to:

- Five free transactions monthly at own bank ATMs
- Three free transactions at other bank ATMs in metro centers
- Five free transactions at other bank ATMs in non-metro centers

Security Measures

- PIN validation required for every transaction
- Time-out sessions enabled for all screens
- Mobile alerts for all transactions

Complaint Resolution

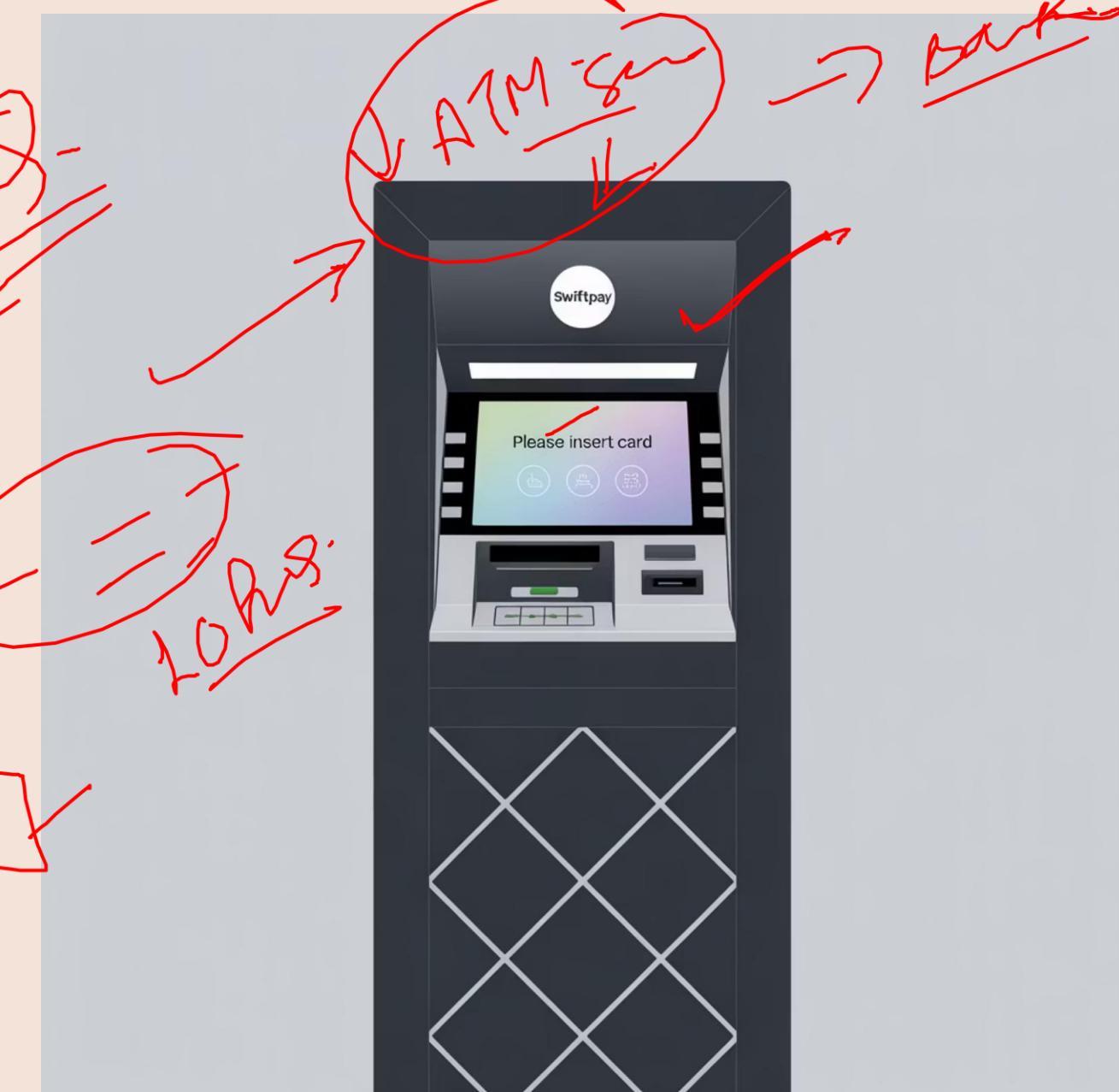
For failed transactions:

- Resolution within T+5 working days
- Automatic compensation of ₹100 per day for delays
- Disputes settled through ATM System Provider only
- No bilateral settlement arrangements permitted

ATM Maintenance

Cash-out at any ATM exceeding 10 hours in a month attracts a flat penalty of ₹10,000 per ATM

All ATMs must display contact information and complaint forms for customer assistance



Security Issues and Risk Mitigation Measures

With increasing usage of electronic delivery channels, the risks of cyber frauds have increased significantly. Banks must implement robust security measures to protect customers:

Card Security

- Immediate blocking of lost/stolen cards upon notification
- Clear procedures for reporting loss, theft, or unauthorized use
- Multiple 24x7 channels for reporting unauthorized transactions

Online Transaction Protection

- Additional factor authentication for Card Not Present (CNP) transactions
- Mandatory issuer reimbursement for unauthorized MOTO and Standing Instructions transactions
- Secure encryption for all digital channels

Customer Education

- Regular updates on emerging threats
- Clear instructions on safe banking practices
- Notifications about suspicious activities

digital

Banks must be especially vigilant in educating customers who may not be tech-savvy about potential cyber risks and protective measures.

Service at the Counters

Business and Working Hours

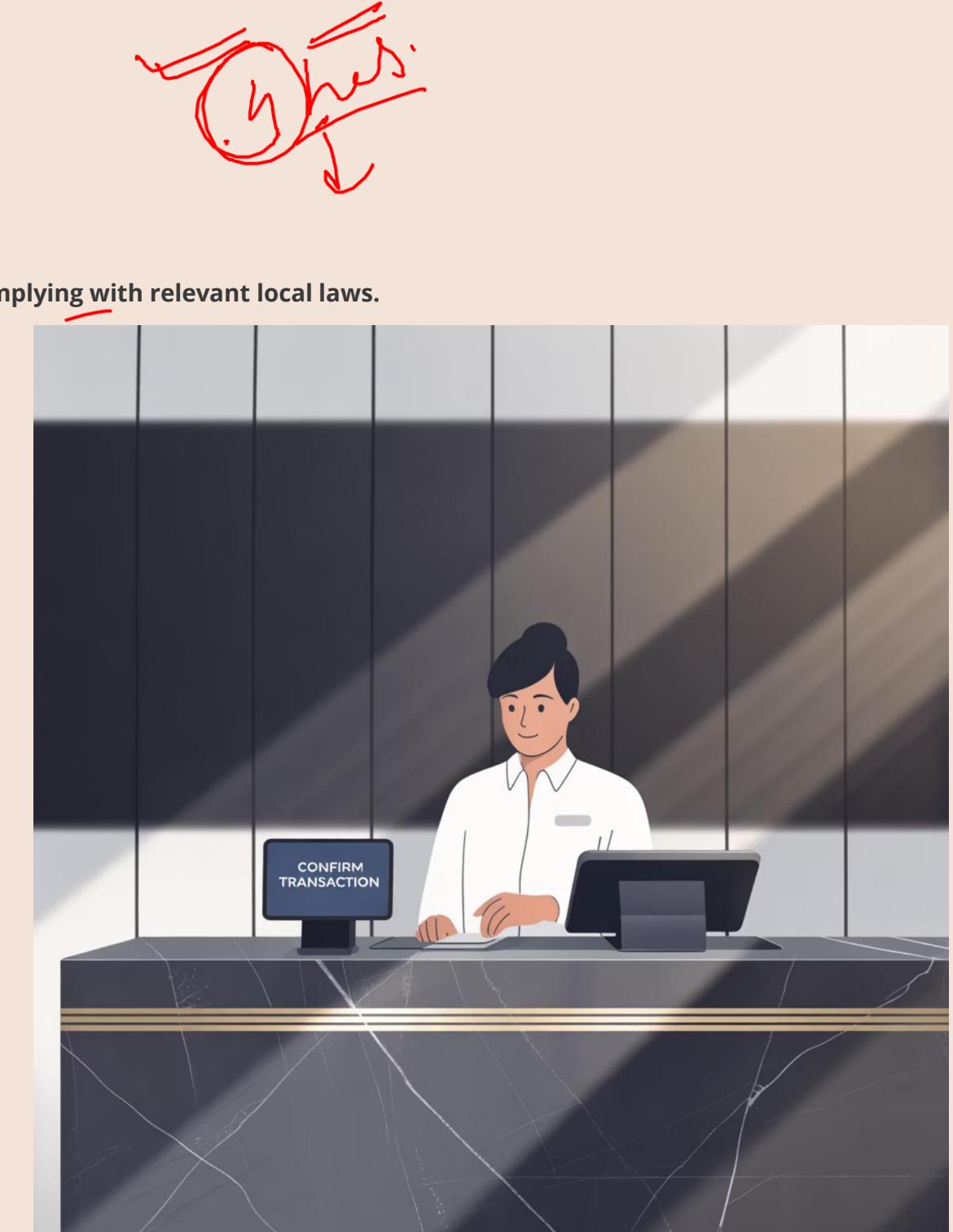
Effective counter service begins with proper time management:

- Staff should be at seats 15 minutes before business hours start, especially in urban centers
 - Branches must function for public at least 4 hours on weekdays and working Saturdays
 - No counter should remain unattended during business hours
 - Banks may fix business hours at their discretion, considering local needs

Rural branches can adjust business hours and weekly holidays to accommodate local requirements, while complying with relevant local laws.

Enhanced Counter Services

- **Evening Counters** ✓
Extended hours at urban/metropolitan centers to improve customer convenience
 - **Guidance Services** ✓
"May I help you" counters to assist customers with navigating services
 - **Advisory Services** ✓
Assistance in making proper decisions for investments in various deposit schemes
 - **Feedback Mechanisms** ✓
Complaint cum Suggestion Box and online complaint management systems



Information Display Requirements

Proper information display is a critical component of financial education, helping customers make informed decisions about banking products and services.

Comprehensive Notice Board Standards

Physical Requirements

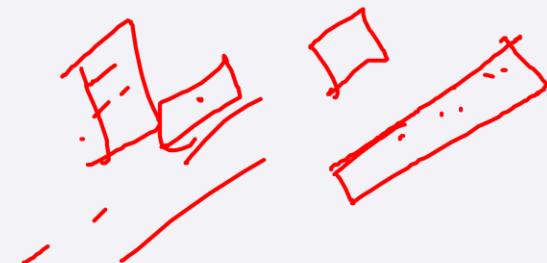
Minimum size of 2 feet by 2 feet to facilitate comfortable viewing by all customers

Content Categories

Information must be organized into four sections: Customer Service Information, Service Charges, Grievance Redressal, and Others

Display Principles

- Updated periodically with date indicated
- Simple and easily readable format
- Bilingual or trilingual presentation
- Recent changes clearly marked



All displayed information should be regularly reviewed and updated to ensure accuracy. Detailed information should also be available in booklet form for customers who need more comprehensive explanations.

This transparency builds trust and reduces confusion about bank policies and procedures.

Special Arrangements for Inclusive Banking

Banks must ensure accessibility and accommodation for all customers, including those with special needs:

Physical Accessibility

Ramps at branches and ATMs for wheelchair users and persons with disabilities. Magnifying glasses should be available at all branches for persons with low vision.

Assistive Technology

Talking ATMs with Braille keypads to assist visually impaired customers. These technologies should be regularly maintained and updated.

Special Accommodation

Facilities for sick/old/incapacitated account holders who cannot be physically present, including alternative signature methods like thumb impressions or toe impressions.

Support for Persons with Disabilities

Banking facilities for persons with autism, cerebral palsy, mental retardation, mental illness, and other disabilities, guided by certificates issued by competent authorities.



Banking Services for Visually Impaired Persons

Banks must offer comprehensive services to visually impaired customers without discrimination, as they are legally competent to contract.

Mandatory Services Include:

Cheque Book Facility

Including third-party cheques with appropriate safeguards and verification processes

ATM & Digital Banking

Accessible ATM facility with voice guidance and accessible net banking platforms with screen reader compatibility

Financial Products

Equal access to locker facilities, retail loans, credit cards, and other banking products with appropriate assistance

This directive follows the orders of the Honourable Court of Chief Commissioner for Persons with Disabilities to ensure inclusive banking.

- Staff Responsibilities: Branch staff must be trained to provide sensitive and appropriate assistance to visually impaired customers, including reading out documents when necessary and guiding customers through transaction processes.

Banks should regularly review and enhance their accessibility features based on customer feedback and technological advancements.



Benefits of Excellent Customer Service



87%

Customer Retention
Percentage of customers who stay with banks that provide excellent service, compared to 52% for banks with poor service

65%

Referral Rate
Customers who refer friends and family to their bank based on positive service experiences

42%

Cross-Selling Success
Increased success rate in selling additional products to existing customers who have received excellent service

30%

Reduced Complaints

Decrease in formal complaints when staff are properly trained in customer service excellence

Implementing RBI's customer service guidelines creates a positive cycle: better service leads to higher customer satisfaction, which results in increased loyalty, more referrals, and ultimately, improved profitability for the bank.

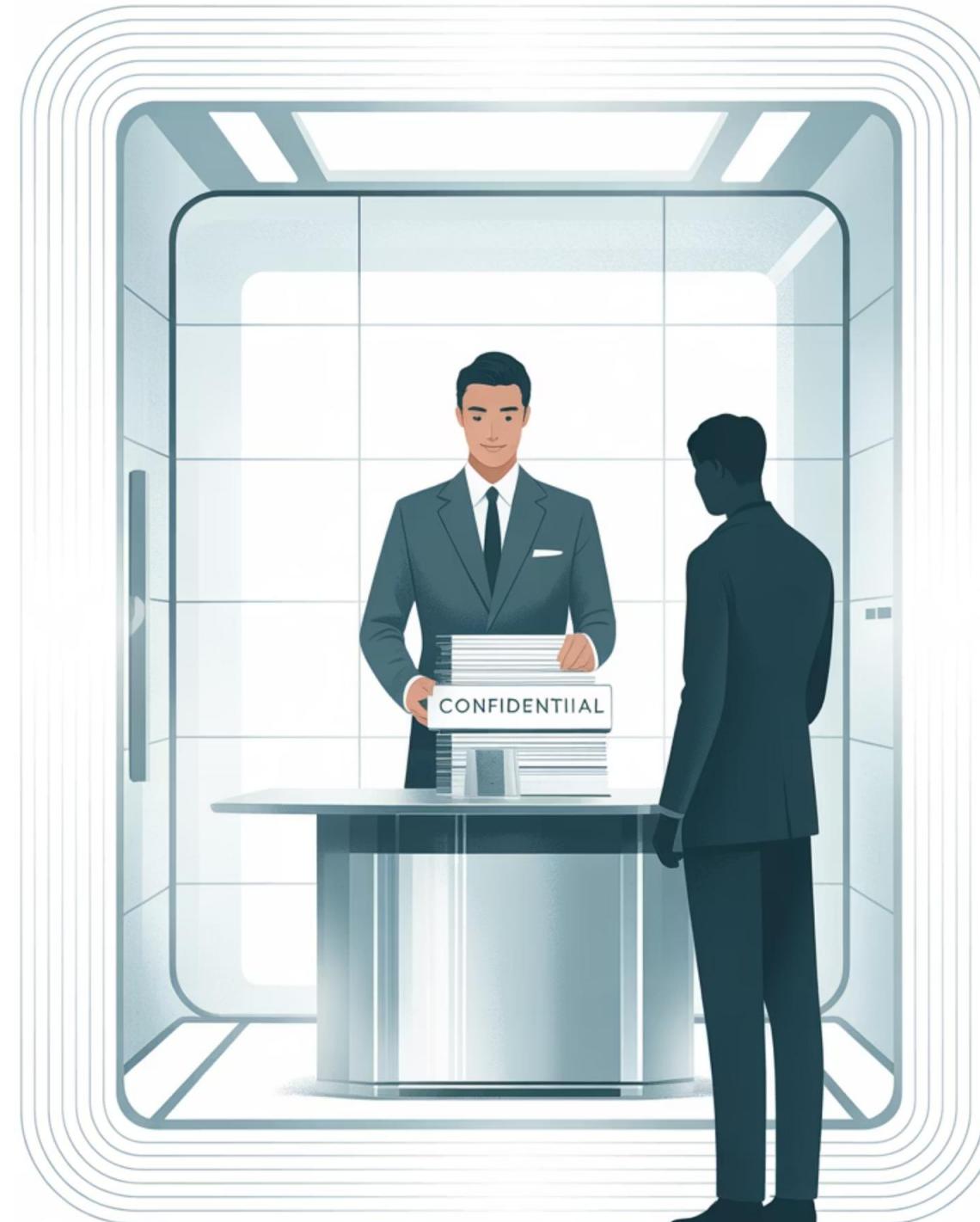


Duties & Rights of a Banker and Customer Rights

Banking Secrecy Laws and Customer Relationships

The relationship between banks and customers is built on trust, confidentiality, and legal obligations. This presentation explores the scope of secrecy laws in banking, the rights and duties of both banks and customers, and the standards that govern these relationships in India.

Secrecy





The Scope of Banking Secrecy Secrecy Law

The secrecy law in India follows common law principles based on implied implied contract. The debtor-creditor relationship between a bank and customer customer is special, with an implied obligation to keep customer account affairs account affairs secret and confidential.

Contractual Relationship

The duty of non-disclosure is both contractual and legal in nature.

Qualified Duty

The duty to secrecy is not absolute but qualified under specific circumstances.

Legally Permissible Disclosures

A bank would be protected only if it discloses customer affairs under certain legally permissible circumstances:



Compulsion of Law

When disclosure is required by legal provisions



Public Duty

Where there is duty to the public to disclose



Bank's Interest

Where interest of bank requires disclosure



Customer Consent

With express or implied consent of the customer

Disclosure Under Compulsion of Law

Banks are bound by legal provisions to provide information about customers to certain authorities:

- Banker's Books Evidence Act, 1891 (Sections 4 and 6)
- Summons by Civil/Criminal Courts
- Income Tax Act, 1961 (Section 133)
- Other Acts: Companies Act, 2013, RBI Act, 1934, FEMA, Gift Tax Act

Legal duty
Banks must comply with legal orders after verifying the authority of the requesting officer. Information should be confined to specific points requested, and no additional information should be volunteered.



Disclosure in Public Interest and Bank's Interest

Public Interest Disclosure

Disclosure may be justified if the customer is involved in:

- Terrorist activities
- Illegal drug trafficking
- Smuggling
- Serious anti-national activities

The concept of "public interest" must be carefully considered as it's legally vague.

Bank's Interest Disclosure

A bank is protected when sharing information:

- With guarantors for recovering dues
- With other banks about loan accounts
- With Credit Information Companies (CICs)

Per Section 15(1) of Credit Information Companies (Regulation) Act, 2005, banks must be members of at least one CIC and provide required credit data.

Customer Consent and Duty of Reasonable Care

Disclosure with Customer Consent

Banks may disclose information at the explicit request or instruction of the customer.



Securebank

Your financial future, simplified

Duty of Reasonable Care

Banks have a duty to exercise reasonable care while acting as:

- Agent
- Bailee
- Trustee

If a customer suffers loss due to bank negligence, they may claim specific damages to recover the loss.



Termination of Bank-Customer Relationship

The contractual relationship between a bank and customer may be terminated voluntarily or by legal process.

Voluntary Termination

- Customer's right to close account (change of residence, dissatisfaction)
- Bank's decision to close account (unsatisfactory conduct, undesirable customer)
- Bank must give reasonable notice before closing an account

Termination by Law

- Death of customer
- Bankruptcy/liquidation
- Garnishee Order
- Insanity of customer

Legal Termination Scenarios



Death of Customer

On receiving notice of death, the bank stops all debit transactions but permits credits. Balance is given to nominee or legal representative after proper documentation, then account is closed.



Bankruptcy/Liquidation

When a customer is declared bankrupt or a company is wound up, no drawings are permitted. Balance is given to Receiver, Liquidator, or Official Assignee before closing the account.



Garnishee Order



After receiving a garnishee order from court or attachment order from Income Tax Authority, the account can be closed after taking required steps.



Insanity of Customer



A person of unsound mind is not competent to contract under section 11 of Indian Contract Act, 1872. Bank will close the account after receiving notice and confirmation through medical reports.

Customer Awareness and Banking Standards

Customer Education

The contractual relationships, rights, and duties of bankers and their implications on account conduct are not well known to all customers. Banks must educate customers by explaining terms and conditions carefully.

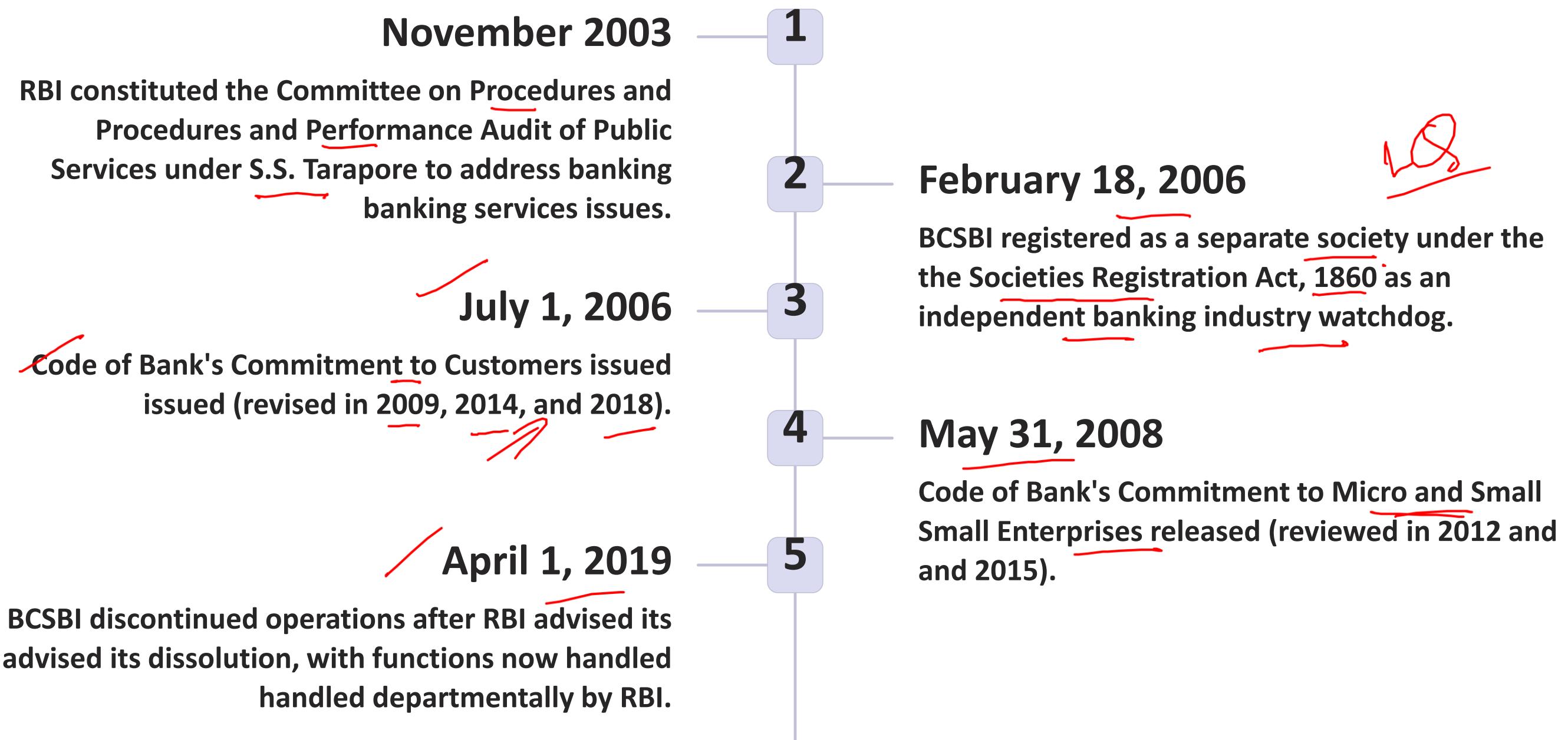


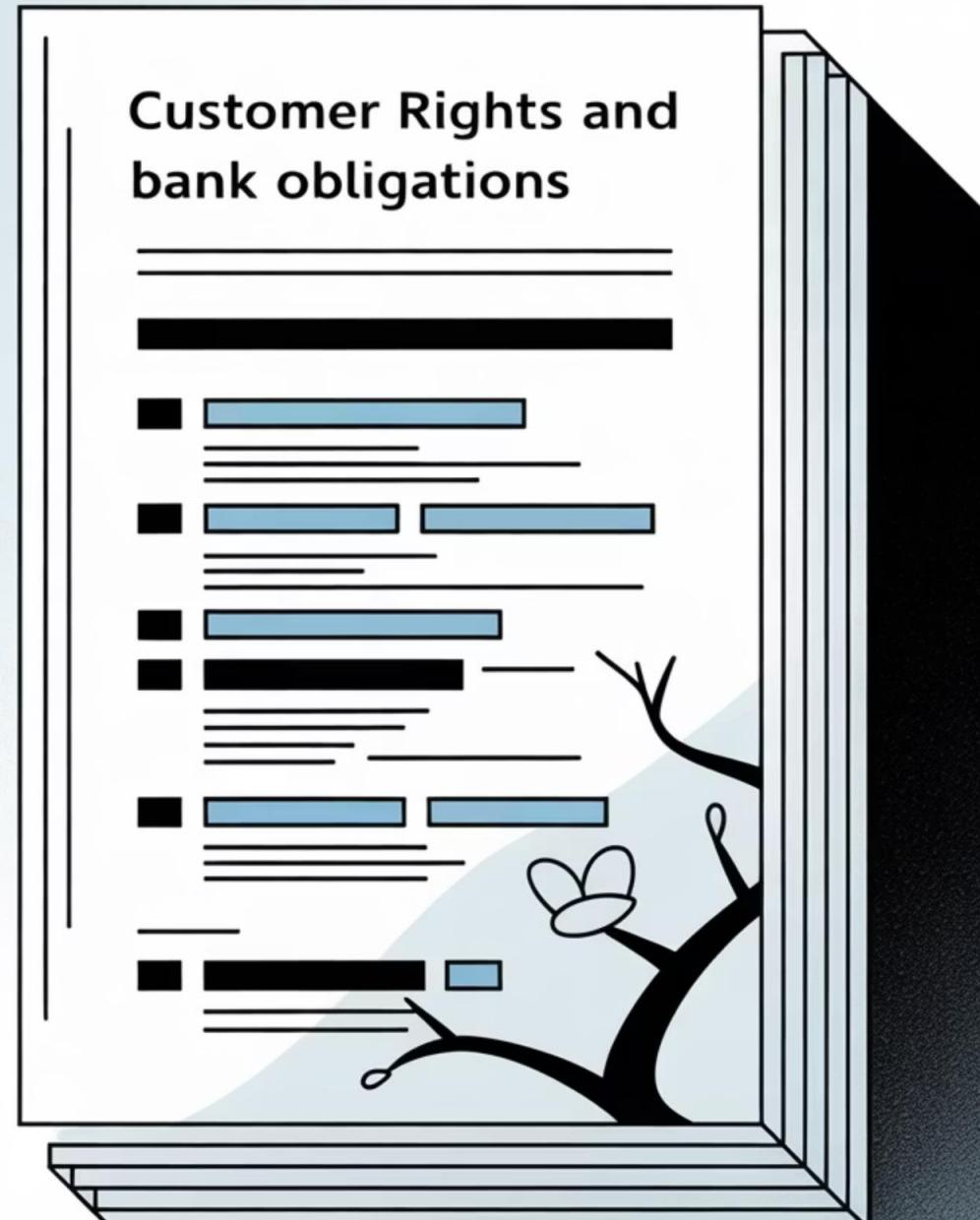
Banking Codes and Standards Board of India (BCSBI)

Established in 2006 as an independent banking industry watchdog to ensure consumers receive promised services. Though dissolved in 2019, the codes issued continue to be applicable and are used by RBI in monitoring banks.

Banking Standards
→ UK
Tata Panel Committee
2019

History and Evolution of BCSBI





BCSBI Codes and Their Scope

Nature of BCSBI Codes

The codes set minimum standards for member banks when dealing with individual customers and micro/small enterprises. Their central objective is promoting good banking practices, setting minimum standards, increasing transparency, and fostering confidence in the banking system.

Products and Services Covered

- Deposit accounts
 - Safe deposit lockers
 - Settlement of deceased accounts
 - Foreign exchange services
 - Remittances within India
 - Loans, advances and guarantees
 - Credit cards
 - Internet banking

Key Commitments Under The Codes



Fair Treatment

To act fairly and reasonably in all dealings with customers



Education

To help customers understand how financial products and services work



Account Support

To help customers use their account or service effectively



Problem Resolution

To deal quickly and sympathetically with things that go wrong



Confidentiality

To treat all personal information as private and confidential



Transparency

To publicize the Code and practice non-discrimination

Banks must provide clear information about interest rates, tariff schedules, terms and conditions, and register 'Do not call' service when the relationship with the relationship with customer starts.



Your peace of mind,
our priority.

Grievance Redressal Mechanism

Branch Help Desk

Every member bank must have a help desk/helpline at the branch level as the first point of contact for customer complaints.

~~Code Compliance Officer~~

Banks must have a code compliance officer at each controlling office above the branch level, with name and contact information displayed at branches.

7 days
30 days

Banking Ombudsman

If issues remain unresolved, customers should approach the Banking Ombudsman, whose name and address must be displayed at branches.

Thank You



Comment Your Feedback

