

**Important Developments relating to Customer Service and Banking Ombudsman Scheme in 2006-07
(July 2006 to June 2007)**

Date of announcement		Policy Announcements
2006 July	1	In order to bring together all activities relating to customer service in banks and Reserve Bank of India in a single department, the Reserve Bank of India constituted a new department called 'Customer Service Department (CSD)' from July 1, 2006. [RBI Press Release : 2006-07/1]
July	1	'Code of Bank's Commitment to Customers', prepared jointly by the Reserve Bank of India, the banks and the newly set up 'Banking Codes and Standards Board of India' was released on July 1, 2006 to provide a framework for a minimum standard of banking services, which individual customers can legitimately expect. The Code sets out the minimum standards of customer service with reliability, transparency and accountability. It outlines how each bank is expected to deal with the customers' day-to-day requirements and accordingly, what each customer should reasonably expect from his bank.
July	20	Banks were advised to place the details of service charges and fees on the home page of their website at prominent place under the title of 'Service Charges and Fees' so as to facilitate easy access to the bank customers. Banks have also been advised to ensure that a complaint form, along with the name of the nodal officer for complaint redressal is provided in the homepage itself to facilitate complaint submission by bank customers. (CSD.BOS.5/13.33.01/2006-07 dated July 20, 2006)
August	24	To further improve customer service for outstation investors banks advised to pay half-yearly interest/principal of relief/ savings bonds to investors at a place of their choice, either by issue of a demand draft, free of cost, or an 'at par' cheque payable at all branches of the bank. (DGBA.CDD.No.H-3253/ 13.01.299/2006-07 dated August 24, 2006).

September	1	In order to improve the quality of service available to customers in branches, banks advised to ensure that the full address/telephone number of the branch is invariably mentioned in the pass books/statement of accounts issued to account holders. (DBOD.No.Leg. BC.28 /09.07.005/2006-07 dated September 1, 2006)
October	4	Banks advised to invariably offer pass book facilities to all their savings bank account holders (individuals). In case the bank offers the facility of sending the statement of account and the customer chooses to get statement of account, the bank must issue monthly statement of accounts. (DBOD.No.32 /09.07.005/2006-07 dated October 4, 2006)
November	10	In terms of extant instruction, banks are required to issue duplicate Demand Draft to the customer within a fortnight from the receipt of such request. Further, for the delay beyond this stipulated period, banks are required to pay interest at the rate applicable for fixed deposit of corresponding maturity in order to compensate the customer for such delay. It is clarified that the period of fortnight for issuance of duplicate draft is applicable in cases where such request has been made by purchaser or beneficiary of the draft and not in case of third party endorsements. (DBOD.No.Leg.BC.42 /09.07.005/2006-07 dated November 10, 2006)
December	18	Banks advised to invariably display on the cheque drop-box that 'customers can also tender the cheques at the counter and obtain acknowledgment on the pay-in-slips'. The message to be displayed in English, Hindi and the concerned regional language of the state. (DBOD. No. Leg.BC.49 / 09.07.005/2006-07 dated December 18, 2006)

2007		
February	2	The Working Group constituted by Reserve Bank to formulate a scheme for ensuring reasonableness of bank charges in its Report enumerated twenty-seven services related to deposit accounts, loan accounts, remittance facilities and cheque collection as basic banking services and defined low value transactions for cheque collection and remittance upto Rs. 10,000 in each case and upto \$500 for forex transactions. The Group recommended that for services rendered to individuals, banks will levy charges ad valorem subject to a cap. Banks will fix lower rates for individuals as compared to non-individual entities and also fix lower rates for special categories of individuals such as senior citizens, rural customers, pensioners and the like. (DBOD.No.Dir.BC. 56/ 13.03.00/2006-2007 dated February 2, 2007)
February	21	Banks were advised to prepare a scheme for offering 'doorstep' banking services to their customers with the approval of their Boards, in accordance with the guidelines issued by Reserve Bank. (DBOD.No. BL.BC. 59/ 22.01.010/2006-2007 dated February 21, 2007).
February	22	Banks advised to disclose the details of customer complaints and Awards passed by the Banking Ombudsmen along with their financial results at the end of financial year. Banks also advised to place the detailed statement of complaints and its analysis on their websites for information of general public at the end of each financial year. (DBOD.No.Leg BC. 60/ 09.07.005/2006-07 dated February 22, 2007)
March	6	Guidelines on Fair Practices Code for Lenders were amended and banks/financial institutions advised that in case of all categories of loans irrespective of any threshold limits, including credit card applications, they should convey in writing the main reason / reasons which, in the opinion of the bank/FI have led to rejection of the loan application. (DBOD.No.Leg.BC.65 /09.07.005/2006-07 dated March 6, 2007)

March	30	Banks advised to ensure that cheques/drafts issued by clients containing fraction of a rupee are not rejected or dishonoured by them. Any bank violating the aforesaid instructions would be liable to be penalised under the provisions of the Banking Regulation Act, 1949. (DBOD. Dir. BC. 70/13.01.01/ 2006-07 dated March 30, 2007)
April	5	Banks advised to generally insist that the person opening a deposit account makes a nomination. Even after being explained the advantages of nomination facility, in case any person does not want to make nomination, he should give a specific letter to this effect. (DBOD.No. Leg BC. 75 /09.07.005/2006-07 dated April 5, 2007)
April	17	The Reserve Bank issued guidelines on extension of safe deposit lockers/ safe custody article facility and access to safe deposit lockers and return of safe deposit articles by banks. Banks advised to give wide publicity and provide guidance to locker-hirers/depositors of safe custody articles on the benefits of the nomination facility and survivorship Clause. (DBOD. No.Leg.BC.78/09.07.005/2006-07 dated April 17, 2007)
April	25	Banks to ensure that none of their branches/staff refuse to accept lower denomination notes/coins. [DCM(NE) No. 7488/08.07.18/2006-07 dated April 25, 2007]
April	30	The Reserve Bank informed banks about clarification given by the Govt. that where the depositor under Senior Citizens Saving Scheme 2004 has expired before the maturity of the deposits, the nominee/legal heirs are entitled to the benefit of saving bank rate of interest from the date of the death of the depositor till closure of the account under the scheme. (DGBA.H-15824/15.15.001/2006-07 dated April 30, 2007)
May	7	Banks advised to lay out appropriate internal principles and procedures so that usurious interest including processing and other charges are not levied on loans and advances. An appropriate ceiling may be fixed on the interest, including processing and other charges that could be levied on such loans, which may be suitably publicized. (DBOD No. Dir.BC.93/ 13.03.00/2006-07 dated May 7, 2007).

May	7	Banks advised to increase the banking outreach to the remote corners of the country and to scale up their financial inclusion efforts by utilizing appropriate technology. (DBOD No. Leg. BC/94/09.09.07.005/2006-07 dated May 7, 2007)
May	24	Amendments made in Clauses 12,13 and 14 of the Banking Ombudsman Scheme 2006 to provide for an appeal option before the Appellate Authority to any person aggrieved by an Award under Cl.12 or rejection for reasons referred in sub-clauses (c) to (g) of Clause 13 within 30 days from the receipt of communication of Award or rejection.
May	25	Banks advised to allow operation of NRO account by Power of Attorney holder provided such operations are restricted to (i) all local payments in rupees including payments for eligible investments subject to compliance with relevant regulations made by Reserve Bank, and (ii) remittance outside India of current income in India of the non-resident account holders, net of applicable taxes. [AP(DIR Series) Circular No. 64 dated May 25, 2007]
June	28	RRBs allowed to open/maintain NRO/NRE Accounts in rupees and to accept FCNR deposits subject to stipulations in this regard. (RPCD.CO.RRB.No.BC.106/03.05.33(C)/2006-07 dated June 28, 2007)