

Best Practices for Urban Cooperative Banks

[Recommendations 8.25, 8.31 and 8.34]

Every UCB should take the following best practices into account while formulating or reviewing the policy and procedure under the CICRA with the approval of their Board of Directors:

- i. UCBs should ensure that the records submitted to CICs are updated regularly and that no instances of repayment, including that of the last instalment, are left unreported.
- ii. Instances of non-updation of repayment information could be avoided by centralising the issue of NOCs and providing information to CICs.
- iii. All UCBs should have nodal officers for dealing with CICs.
- iv. Customer grievance redressal should be given top priority especially in respect of complaints relating to updation/alteration of credit information.
- v. Grievance redressal in respect of credit information should be integrated with the existing systems for grievance redressal. Aspects relating to customer grievances pertaining to credit information may also be an integral part of customer service policy of UCBs.
- vi. UCBs should abide by the period stipulated under CICRA and the Rules and Regulations framed hereunder in respect of updation, alteration of credit information, resolving disputes, etc. Procedure prescribed under Rule 20 and 21 of the Credit Information Companies Rules, 2006 in this regard should be adhered to. Deviations from stipulated time limits should be monitored and commented upon in the periodical reports/reviews put up to the Board/Committees of Board on customer service.
- vii. Updation of credit information should take place on a monthly basis or at such shorter intervals as may be mutually agreed upon between the UCB and the CIC.
- viii. All UCBs should give full customer information to the CICs. For instance, identifier information like PAN No., Aadhaar No., Voters ID Card No., etc., is not provided by UCBs for all records.
- ix. UCBs should mandate the usage of CIRs in their credit appraisal process.

- x. First time borrowers' loan applications should not be rejected just because they have no credit history.
- xi. UCBs and CICs should ensure that the credit records of borrowers are regularly updated by UCBs and that issues such as where repayment of the last instalment of a loan does not get reported does not arise. [Recommendation 8.31]
- xii. With a view to decreasing court cases involving UCBs and CICs, complaints need to be addressed by them on an urgent basis. UCBs and CICs should have a structured process of complaint redressal for which a Consumer Protection Committee under the Board should be constituted. [Recommendation 8.34]
