

December 27, 2003

To
All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir,

Ad hoc Committees on Procedures and Performance
Audit on Customer Services in Banks

Please refer to Paragraph 78 of the Statement on the Mid Term Review of Monetary and Credit Policy for the year 2003-2004.

2. In order to support broad-based improvement in customer services in relation to various banking services, each bank is advised to constitute an Ad hoc Committee to undertake procedures and performance audit on public services rendered by it. The Committee will be assigned with the following tasks:

- A. To look into simplification of procedures and practices with a view to safeguarding the interests of common persons, be they current or savings account holders, depositors or borrowers, from any unfair procedural practices by banks, e.g., delayed credit of interest, handling of deceased accounts, release of mortgage documents, reversal of erroneous entries in credit cards, updation of passbooks, transparency of charges levied on customers, unilateral debits in the customer accounts, foreign exchange transactions, etc.
- B. To review the systems in place for providing service to the customers in respect of: (i) meeting their demands for fresh/good notes and coins of all denominations, (ii) exchanging soiled notes, (iii) adjudicating mutilated notes, and (iv) accepting coins and notes either for transactions or in exchange.
- C. To review the regulations and procedures prescribed by RBI that impinge on customer service of banks and make suitable recommendations for elimination/rationalisation of the same especially keeping in view the need to drastically reduce the cost and improve the ease of conducting transactions both for banks and customers.

3. The bank may give due publicity through the media and within the bank on the setting up of the Ad-hoc Committee and its membership.

4. While the Ad hoc Committees of banks would function for a period of one year, they would be expected to complete the work within six months and submit reports to the Reserve Bank of India to enable the

Committee set up by it under the Chairmanship of Dr. S.S.Tarapore to review the existing policies and procedures for further necessary action. (Copy of the press release enclosed).

5.Banks are also advised to nominate one of its Officers as a nodal officer to serve as a contact point with the RBI Committee and furnish us with his name, designation, telephone numbers (office as well as residence), fax number and e-mail address.

6. Please acknowledge receipt.

Yours faithfully

(C.R.Muralidharan)
Chief General Manager-in-Charge