



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2011-12/342

DPSS (CO) EPPD No.1204/04.03.01 / 2011-12

January 05, 2012

The Chairman and Managing Director / Chief Executive Officer
of member banks participating in NEFT / Indian Banks' Association

Madam / Dear Sir,

Payment of Penal Interest for delayed credit/refunds of NEFT transactions and efficient functioning of Customer Facilitation Centres

Please refer to our circular [DPSS \(CO\) EPPD No. 477 / 04.03.01 / 2010-11 dated September 1, 2010](#) on bringing uniformity in the penal interest to be paid by the banks in case of delay in crediting the beneficiary customer's account or in returning the uncredited amount to the remitter. Under the extant guidelines, banks are required to pay penal interest at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of refund as the case may be to the affected customers. These measures were instituted with the objective of enhancing the customer service and efficiency parameters of the system in view of large scale growth in electronic payment transactions.

2. However, it has come to our notice through various instances of customer complaints that this instruction is not being adhered to by the banks. In cases of delayed credits, banks resort to value-dating of the credit in the customer's account to avoid payment of penalty which is not in accordance with the instruction issued by RBI in this regard. This is being viewed seriously and is in violation of our instructions.

3. Banks may forthwith put up a stop to this practice and strictly adhere to the extant instructions of paying penal interest at the stipulated rate to the customers suo-moto, without waiting for a claim from the customers. Banks are hereby advised to immediately report to us the status of their adherence with the extant instructions and the mechanism put in place with approval of their Board for payment of such penalty. The data regarding the amount of penalty paid should be submitted to the Board in its next meeting with an explanatory note and the proposed action to be taken to minimize such incidents. A copy of the Board note along the Resolution of the Board on this issue may be furnished to us immediately after the meeting of the Board.

4. Further, under the NEFT Procedural Guidelines, banks are required to establish dedicated Customer Facilitation Centres (CFCs) to handle customer queries / complaints regarding NEFT transactions. The contacts details of CFCs are available on websites of banks as well as the website of RBI for easy availability to the customers. You will appreciate that CFCs are first point of contact for the aggrieved customers and play a vital role in success of NEFT system. However, it is observed that in many instances the CFC contact details given are

non-functional/out-dated and/or there is no response from these numbers or mail-ids, thereby defeating the very purpose of setting up such centres.

5. In order to address this critical issue of customer service, banks are hereby advised to keep the contact details of their CFCs updated at all times and also advise changes, if any, immediately to the National Clearing Cell, Nariman Point, RBI for updating the central directory placed on RBI website. Banks should also ensure that calls made / e-mails sent to CFCs are promptly attended to and sufficient resources are dedicated for the same. A compliance to this effect should also be submitted to the Board of the bank in its next meeting and a copy of the same should be sent to us immediately after the Board meeting.

These directions are issued by Reserve Bank of India, in exercise of the powers conferred by section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Please acknowledge receipt and advise compliance.

Yours faithfully

(Vijay Chugh)
Chief General Manager