

RBI/2007-2008/81
UBD.BPD.(PCB).MC.No.8/09.39.000/2007-08

July 4 , 2007

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir,

Master Circular on Customer Service - UCBs

Please refer to our Master Circular UBD.BPD.(PCB).MC No. 5/ 09.39.00/2006-07 dated July 6, 2006 on the captioned subject (available at RBI website www.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject up to June 30, 2007.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-Charge

Master Circular

on

Customer Service

(Updated up to 30 June, 2007)

(The Master Circular is also available at RBI Website
www.rbi.org.in and may be downloaded from there)



RESERVE BANK OF INDIA
Urban Banks Department,
Central Office,
Mumbai.

Master Circular on Customer Service

Sr.No	Particulars	Page No
1	Introduction	1
2	Service at the counters	1
	2.1 Business and working hours	1
	2.3 Extension of business hours	1
	2.4 Uninterrupted service	2
	2.5 Guidance to customers	2
3	Deposit and other Accounts	2
	3.1 & 3.2 Nomination Facilities	2
	3.3 Savings bank passbooks / statement of accounts	2
	3.4 Term Deposits	3
	3.5 Advisory Services on deposit schemes	3
	3.6 Brochures / pamphlets for guidance of customers	3
4	Safe deposit lockers	4
	4.1 Allotment and operation of lockers	4
	4.1.1 Linking of allotment of lockers to placement of Fixed Deposits	4
	4.1.2 Fixed deposit as security for lockers	4
	4.1.3 Wait list of lockers	4
	4.1.4 Security aspects relating to safe deposit lockers	4
	4.1.5 Access to the safe deposit lockers / return of safe custody articles to survivor(s) / Nominee(s) / Legal Heir(s)	5
	4.1.6 Access to the safe deposit lockers / return of safe custody articles (with survivor / nominee clause)	5
	4.1.7 Access to the safe deposit lockers / return of safe custody articles (without survivor / nominee clause)	5
	4.2 Customer Guidance and Publicity	6
5	Dishonoured Instruments	6
6	Reimbursement of interest by paying bank	6
7	Identity badges	6
8	Job enrichment	6
9	Training	7
10	Induction training	7
11	Reward and recognition	7
12	Systems and procedures	7
13	Customer Service Audit	7
14	Complaint book	7
15	Inspection /Audit reports	8
16	Complaint prone employees	8
17	Periodical visits by senior officials	8
18	Infrastructure provision	8
19	Customer education	8
20	Security arrangements	8
21	21.1 Fair Practice Code – Display of Bank / Service Charges	8
	21.2 Display of time norms	9
22	Collection of account payee cheques – Prohibition on crediting proceeds to third party account	9
23	Facilities at extension counters by PCBs	9
24	Provision of Note counting machines on counters	10
25	Immediate credit of local / outstation cheques	10

	25.1 Local / Outstation cheques upto Rs. 5,000	10
	25.2 to 25.2 Other outstation cheques upto Rs. 10, 000	10
	25.6 Local Cheques	11
	25.7 & 25.8 Implementation and Accountability	11
	25.9 Payment of Interest for delay in collection of outstation cheques / Instruments	11
26	Other instructions	13
	26.1 Issue of cheque books	13
	26.2 Cheque drop facility and the facility for acknowledgement of cheques	13
	26.3 Term deposit maturity intimation in advance	13
	26.4 Maintenance of compliant book	13
	26.5 Periodical review and monitoring	13
	26.6 Issue of duplicate demand draft	14
	26.7 Statutory provisions for Nomination Facility	14
27	Monitoring system of implementation of Goiporia Committee recommendations	16
28	Customer service – Redressal of Grievances	16
29	Rounding of cheques to the nearest rupee	16
	Annex I -15 Core recommendations of the Goiporia Committee on Customer Service	17
	Annex II – Format of Complaint Book	19
	Annex III – Notification	20
	Appendix I – List of circulars consolidated in the master Circular	24

Master Circular on Customer Service

1 Introduction

The quality of customer service in primary (urban) co-operative banks has to be high as they are established primarily to fill the existing gaps in banking and credit needs in urban and semi urban areas. Meeting the legitimate aspirations of its customers will enable the bank to maintain its image, create confidence and attract funds comparatively at low cost in a competitive environment. Ensuring improvement in the customer service rendered by the banks has been the constant endeavour of RBI. RBI had set up in 1990 a Committee headed by Shri M.N.Goiporia, the then Chairman of SBI. The Committee had made various recommendations to ensure improvement in the customer service in the banks. In addition, RBI has also issued various guidelines on the subject in general and on specific aspects relating to immediate credit for the outstation instruments sent for collection, payment of interest for delay in collection of instrument, adherence of time schedule in such matters as payment to customers, issue of DDs/TTs, issue of cheque books, etc. The instructions issued in this regard based on Goiporia Committee recommendations, Committee on Procedures and Performance Audit on Public Services (CPPAPS), etc are summarised below:-

2 Service at the Counters

2.1 Business and working hours

The employees are expected to be at their seats at the commencement of the business hours and attend to all the customers who are in the branch prior to the close of business hours. In practice, however, in many branches of banks, employees take their own time to open the counters and also do not attend to customers who are in the queue at the close of business hours. Some banks with a view to ensuring that the service to customers is made available exactly at the commencement of business hours fix the working hours of the staff 15 minutes before the start of business hours. This arrangement can be made by all the banks at their branches in metropolitan and urban centres.

2.2 There are complaints that counters are closed at the end business hours, without disposing of customers. Banks may issue instructions that all customers who enter the banking hall before the close of business hours may be attended to.

2.3 **Extension of business hours for non-cash transactions:** Staff at the counters may undertake the following transactions during the extended business hours (branches to indicate the timings)

- (a) non-voucher generating transactions:
 - (i) issue of passbook/staff of accounts
 - (ii) issue of cheque book
 - (iii) delivery of term deposit receipts/drafts
 - (iv) acceptance of share application form; and
 - (v) acceptance of clearing cheques/bills for collection

- (b) voucher generating transactions:
 - (i) issue of term deposit receipts (TDR)
 - (ii) acceptance of cheques for locker rent due;

 - (iii) issue of travellers cheques
 - (iv) issue of gift cheques
 - (v) acceptance of individual cheques for transfer credit

2.4 **Uninterrupted Service**

Banks may devise appropriate procedures to ensure that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers by making adequate relief arrangements as may be necessary.

2.5 **Guidance to Customers**

All branches, except very small ones, should have "Enquiry" or "May I help you" counters. Such counters may exclusively attend to enquiries or may be combined with other functions depending upon the requirement. As far as possible, such counters should be near the entry point to the banking hall.

3. **Deposit and other Accounts**

3.1 **Nomination facilities**

Banks may get the account opening forms amended to incorporate a space to mention the name and address of the nominee and statutorily prescribed nomination forms may be obtained and preserved with the account opening forms. Availability of nomination facility needs to be widely publicised by printing compatible messages on cheque books/pass books and any other literature reaching the customers.

Nomination should be a rule (rather than an exception) and banks should endeavor to cover all accounts, existing as well as new, under nomination, exception being the ones where the customer himself would prefer not to nominate; this fact may be recorded rather than left to the conjecture of non-compliance

3.2 Nomination facilities are available not only for deposit accounts but also for safe custody articles and safe deposit lockers. As nomination facility for deposit accounts is more known to the customers, compared to the one available for safe custody articles and safe deposit lockers, publicising availability of the facility for these two services also may be effectively done.

3.3 **Savings bank passbooks/ statement of accounts**

(a) Banks should ensure that full address / telephone number of the branch is invariably mentioned in the Pass Book / Statement of Accounts issued to account holders.

(b) Banks should invariably offer passbook facility to all their savings bank account-holders (individuals). The cost of providing such passbooks should not be recovered from the customers.

(c) Banks may devise controls to ensure that the passbooks are updated on an ongoing basis, and complete and correct particulars are written in a legible hand

(d) Customers also need to be educated to submit the passbooks regularly for updating

(e) Banks may take the following steps to provide customer satisfaction in these areas:

(i) Customer education drives may be launched to bring home the advantages of getting the passbooks updated regularly / periodically.

(ii) Employees may be exhorted to attach importance to this area to provide customer satisfaction.

(f) As a rule, passbooks may be updated immediately on submission. If updating is not possible immediately due to a large number of entries, then paper tokens be issued for collection of passbooks on the next day.

3.4 Term deposits

(a) Banks have made considerable innovations in the area of term deposits. Various innovative schemes have been introduced to suit customer requirements. However, customer awareness of the different schemes and facilities thereunder is actually lacking. Banks should therefore ensure that various term deposit schemes are made known to the customers through proper publicity and advice. The customers need also be informed specifically of the provision of monthly interest on term deposits at a discounted rate and the facility of safe custody of term deposit receipts.

(b) Term deposit application forms may be so devised as to contain a direction for disposal of deposits on maturity. In those cases where the customer does not indicate the course of action by the bank on maturity of deposits, banks may as a rule send intimation of impending due date of the deposit well in advance.

3.5 Advisory Services on deposit schemes

There is room for providing customer satisfaction by assisting customers in taking proper decisions for investment in various deposit schemes having regard to their particular needs and expectations. The banks should provide assistance/guidance to customers in the area of investment of funds in the various deposit schemes vis-à-vis the requirement of the customers.

3.6 Brochures/pamphlets for guidance of customers

Banks may make available to the customers brochures/ pamphlets in regional language/Hindi /English giving details of various schemes available and terms and conditions thereof. Such brochures may also contain, among others, do's and don'ts for smooth handling of day-to-day banking transactions, e.g. updating of passbooks, preferably in the leaner weeks of the month, say, third/fourth week, advantages of maintaining joint accounts and nomination, keeping the term deposit receipts in safe custody with the banks with instructions for disposal on maturity etc

4 Safe Deposit Lockers

Banks should provide more and more lockers, especially in residential areas, while keeping in view the commercial viability.

The Committee on Procedures and Performance Audit on Public Services (CPPAPS) had made some recommendations for easy operation of lockers. Accordingly, UCBs may adhere to the following guidelines:-

4.1. Allotment and operation of Lockers

4.1.1 Linking of Allotment of Lockers to placement of Fixed Deposits

UCBs should not link the provisions of lockers facility with placement of fixed or any other deposit beyond what is specifically permitted.

4.1.2 Fixed Deposit as Security for Lockers

Banks may obtain a Fixed Deposit which would cover 3 year's rent and the charges for breaking open the locker in case of an eventuality. However, banks should not insist on such Fixed Deposit from the existing locker-hirers.

4.1.3 Wait List of Lockers

Branches should maintain a wait list for the purpose of allotment of lockers and ensure transparency in allotment of lockers. All applications received for allotment of locker should be acknowledged and given a wait list number.

4.1.4 Security aspects relating to Safe Deposit Lockers

(a) Operations of Safe Deposit Vaults/Lockers

Banks should exercise due care and necessary precaution for the protection of the lockers provided to the customer.

(b) Customer due diligence for allotment of lockers

(i) Banks should carry out customer due diligence for both new and existing customers at least to the levels prescribed for customers classified as medium risk. If the customer is classified in a higher risk category, customer due diligence as per KYC norms applicable to such higher risk category should be carried out.

(ii) Where the lockers have remained unoperated for more than three years for medium risk category or one year for a higher risk category, banks should immediately contact the locker-hirer and advise him to either operate the locker or surrender it. This exercise should be carried out even if the locker hirer is paying the rent regularly. Further, the bank should ask the locker hirer to give in writing, the reasons why he / she did not operate the locker. In case the locker-hirer has some genuine reasons as in the case of NRIs or persons who are out of town due to a transferable job etc., banks may allow the locker hirer to continue with the locker. In case the locker-hirer does not respond nor operate the locker, banks should consider opening the lockers after giving due notice to him. In this context, banks should incorporate a clause in the locker agreement that in case the locker remains unoperated for more than one year, the bank would have the right to cancel the allotment of the locker and open the locker, even if the rent is paid regularly.

(iii) Banks should have clear procedure drawn up in consultation with their legal advisers for breaking open the lockers and taking stock of inventory.

4.1.5 Access to the safe deposit lockers / return of safe custody articles to Survivor(s) / Nominee(s) / Legal heir(s)

Instructions were laid down vide circular UBD. BPD. Cir. No.4/13.01.00/2005-06 dated July 14, 2005 for handing over the proceeds of deposit accounts. A similar procedure should be adopted for return of contents of lockers / safe custody articles to Survivor / Nominee / Legal Heirs.

4.1.6 Access to the safe deposit lockers / return of safe custody articles (with survivor/nominee clause)

If the sole locker hirer nominates a person banks should give to such nominee access of the locker and liberty to remove the contents of the locker in the event of the death of the sole locker hirer. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates person(s), in the event of death of any of the locker hirers, the bank should give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s). In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given over to 'either or survivor', 'anyone or survivor' or 'former or survivor' or according to any other survivorship clause, banks should follow the mandate in the event of the death of one or more of the locker-hirers. However, banks should take the following precautions before handing over the contents:

4.1.7 Access to the safe deposit lockers / return of safe custody articles (without survivor/nominee clause)

There is an imperative need to avoid inconvenience and undue hardship to legal heir(s) of the locker hirer(s). In case where the deceased locker hirer had not made any nomination or where the joint hirers had not given any mandate that the access may be given to one or more of the survivors by a clear survivorship clause, banks are advised to adopt a customer-friendly procedure drawn up in consultation with their legal advisers for giving access to legal heir(s) / legal representative of the deceased locker hirer. Similar procedure should be followed for the articles under safe custody of the bank.

4.1.8 Banks are advised to be guided also by the provisions of Sections 45 ZC to 45 ZF of the Banking Regulation Act, 1949 (AACs) and the Co-operative Banks (Nomination) Rules, 1985 and the relevant provisions of Indian Contract Act and Indian Succession Act.

4.1.9 Banks should prepare an inventory before returning articles left in safe custody / before permitting removal of the contents of a safe deposit locker in terms of Notification UBD.BR.767/B.1-84/85 dated March 29, 1985. The inventory shall be in the appropriate Forms set out as enclosed to the Notification or as near thereto as circumstances require. A copy of the Notification is shown as Annex III.

4.2 Customer Guidance and Publicity

4.2.1 Benefits of nomination / survivorship clause

Banks should give wide publicity and provide guidance to locker-hirers / depositors of safe custody articles on the benefits of the nomination facility and the survivorship clause.

5 Dishonoured instruments

Banks may ensure that dishonoured instrument is returned/despatched to the customer promptly without delay on the same day but in any case within 24 hours.

6 Reimbursement of interest by paying bank

While in terms of extant instructions, interest for delayed credit is to be paid and borne by collecting bank alone, it is a fact that on many occasions delay in collection of cheques takes place due to the neglect on the part of the paying bank. It is only fair that when such delays can be attributed to the paying bank, it compensates the collecting bank by reimbursing the amount. For this purpose, delay beyond two days on the part of paying bank in despatching the proceeds to the collecting bank may be treated as delay attributable to that bank. Responsibility for payment of interest to the lodger of the cheque, however, should continue to remain that of the collecting bank.

7 Identity badges

Each employee may wear on his person, identity badge with photograph and name prominently displayed on it. Besides giving an official touch, it will create a better rapport with the customers.

8 Job enrichment

Much of the indifference and casual approach towards customer service can be attributed to job monotony and the work environment. In order to promote greater involvement of employees in their work and to prevent alienation, job enrichment in the form of periodic change of department and allocation of jobs carrying higher responsibilities is necessary. Elementary checking functions such as authentication of pass books/ issuance of receipts for cheques deposited for credit to the customers' accounts etc., would not only make useful contribution towards customer service but also would give a boost to the morale and self image of the employees.

9 Training

It is essential to align the training programmes to the needs in various areas with an eye on customer service. The employees should be trained to develop the right kind of attitude towards customer service, and empathy towards customer needs and expectations. Training programmes may be so devised as to bring about positive attitudinal changes compatible to customer orientation.

10 Induction training

Training to new recruits should be a precursor to other follow - up training programmes. All new recruits, i.e. clerks/officers should be necessarily exposed to induction programme immediately after recruitment. A co-ordinated approach amongst banks is required in this regard.

11 Reward and recognition

Good work must be rewarded. The system of reward/recognition should be such that it puts an indifferent employee to a considerable disadvantage - psychologically and even financially. Only if the reward scheme is objectively enunciated, employees will be motivated to perform better. Indifferent and casual approach to work (customer service) should not go unnoticed, giving such employees wrong signals. It is but proper that disservice to customers is treated as delinquency. Banks should evolve a fair system whereby employees are gauged or rated in the area of customer service and good work is rewarded. Any system that is evolved should necessarily be objective and no room should be left to subjectivity of any kind. Any reward/recognition scheme of incentive will need to be tailored, with an eye on the ultimate goal of customer service.

12 Systems and procedures

Systems and procedures are necessary to assist banks in functioning in an effective and efficient manner and to ensure safety of customer's money. Banks may keep their systems and procedures in trim, by a continuous process of introduction of new procedures that may be required and by doing away with unwanted ones.

13 Customer service audit

Various facets of service to the customers need review and introduction of more avenues has to be identified. Banks may subject themselves to an audit approach towards their customer service points at grassroot levels and also at policy prescription and macro levels in the matter of extension of customer service.

14 Complaint book

A Complaint cum Suggestion Box may be kept in the bank premises at a prominent place. Every bank branch may also maintain a Complaint Book with adequate number of perforated copies in each set, so designed as to instantly provide the complainant with an acknowledged copy of the complaint.

15 Inspection / Audit reports

The internal inspectors/auditors including audit firms engaged for the purpose during the course of their inspection/audit of branches should examine the various customer service aspects including the efficacy of the complaints handling and grievance redressal machinery; and based on their observations, record the improvements and deficiencies in various areas.

16 Complaint prone employees

Placement of employees in customer contact slots should be on a selective basis. By imaginative and innovative approaches, enough number of employees can be brought-up by training. Cases of deliberate recalcitrance and disregard of customer service spirit should be taken note of and kept in concerned employees' service records apart from taking other action against such employees.

17 Periodical visits by senior officials

Senior officials while visiting the branches should also give priority to the customer service aspects. It will be great advantage if senior official counter checks the actual "branch atmosphere" by having in hand a report on customer service submitted by the branch.

18 Infrastructure provision

Banks may bestow attention to providing adequate space, proper furniture, drinking water facilities, clean environment, (which include keeping the walls free of posters) etc, in their premises to enable conduct of banking transactions smoothly and more comfortably.

19 Customer education

Customer education both in regard to rights and responsibilities in dealing with banks should be viewed as a fundamental issue in any attempt to improve customer service. Customer should be made aware not only of the various schemes and services offered by banks, but also about the formalities, procedures, legal requirements and limitations in the matter of

providing services by the banks, through a proper mix of advertisements, literature, interface, seminars, etc. Banks should involve their employees in all customer education programmes.

20 Security arrangements

In view of the incidents involving terrorists/dacoits, banks should review and improve upon the existing security system in branches so as to instill confidence amongst the employees and the public. Regular drill/ training to the security staff should be ensured.

21. 1 Fair Practices Code - Display of Bank/ Service Charges

21.1 Banks have the freedom to prescribe service charges with the approval of their Boards. However, while fixing service charges, for various types of services like charges for cheque collection, etc., they should ensure that they are reasonable and are not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.

In order to ensure transparency in banking services, scheduled co-operative banks should display and up-date, on their web-site, the details of various service charges in the prescribed format depending on the products offered. Further, all UCBs, including scheduled UCBs, should also display at their offices/ branches the service charges relating to the following services in the local languages:

A. Services rendered free of charge

B. Others

- i) Minimum balances to be maintained in the SB account
- ii) Charges leviable for non-maintenance of minimum balance in SB account
- iii) Charges for collection of outstation cheques
- iv) Charges for issue of Demand Draft
- v) Charges for issue of cheques books, if any
- vi) Charges for account statement
- vii) Charges for account closure, if any
- viii) Charges for deposit/withdrawal at ATM locations, if any

21.2 Display of time norms

Time norms for specified business transactions should be displayed prominently in the banking hall so that it attracts the customers' attention as well as that of the employees for adherence.

22 Collection of account payee cheques – Prohibition on crediting proceeds to third party account

UCBs should not collect 'account payee' cheques for any person other than the payee constituent. Where the drawer/ payee instructs the bank to credit the proceeds of collection to any account other than that of the payee, the instruction being contrary to the intended inherent character of the 'account payee' cheque, banks should ask the drawer/ payee to have the cheque or the account payee mandate thereon withdrawn by the drawer. This instruction will also apply with respect to the cheque drawn by a bank payable to another bank.

23 Facilities at Extension Counters by PCBs

UCBs are allowed to undertake following limited transactions at the Extension Counters:

- (i) Deposit / withdrawal transactions,
- (ii) Issue and encashment of drafts and mail transfers,
- (iii) Issue and encashment of travellers' cheques,
- (iv) Collection of bills,
- (v) Advances against fixed deposits of their customers (within the sanctioning power of the concerned official at the Extension Counter) and
- (vi) Disbursement of other loans (only for individuals) sanctioned by the Head Office/ base branch up to the limit of Rs. 10.00 lakh only.

24 Provision of Note Counting Machines on counters

Primary (Urban) Co-operative Banks should install dual display note counting machines at the payment counters of their branches for the use of their customers towards building confidence in the minds of the public to accept note packets secured with paper bands.

25 Immediate Credit of Local/Outstation Cheques

25.1 Local / Outstation Cheques upto Rs. 5,000

All primary (urban) co-operative banks should afford immediate credit for all outstation cheques upto the value of Rs. 5,000 tendered by individual account holders, provided they are satisfied about proper conduct of the accounts. These arrangements should be scrupulously followed. The banks may recover usual collection charges in respect of outstation cheques. The banks should not wait for customers' requests for the facility but should, as a matter of normal course, provide this service. However, in respect of local cheques, the banks may extend the facility of affording immediate credit upto Rs. 5,000 to customers who wish to avail of the facility and are prepared to bear charges for the same.

In case the cheques are returned unpaid, the bank can recover normal rate of interest at the Minimum Lending Rate for the period it is out of funds. For this purpose, banks may consider introducing pay-in-slips superimposing a notice to the effect that in the event of dishonour of the cheque, customer will be subject to payment of normal rate of interest for the period till the bank was out of funds.

Scheduled UCBs may afford immediate credit for all local/outstation cheques upto the value of Rs. 7,500 tendered by individual account holders provided they are satisfied about proper conduct of the accounts and subject to compliance with other conditions mentioned above.

25.2 Other Outstation Cheques upto Rs. 10,000

In the four metropolitan centres having MICR cheque clearing system, proceeds of a cheque drawn on a bank located at any of the other three metropolitan centres and presented for collection on any day in a week should be credited latest on the same day in the following week (for example, Monday to next Monday). Such a facility should be extended to the customers even if the collection advices are not received from the drawee centres.

25.3 In respect of State Capital centres and at other centres with more than 100 bank offices, credit to the customer's account should be given within 10 days with full freedom to the customer to withdraw the amounts. This facility should also be extended to the customers, even if the collection advices are not received from the drawee centres.

25.4 Further, there should be no additional charge for such time bound collection/payment schedules. In case the cheques are returned unpaid, the banks could charge interest at the commercial rate on the overdrawn amounts from the date of allowing the withdrawal till the amounts are reimbursed.

25.5 In order to limit the risks involved, the facility of giving credit to the accounts for outstation cheques may be extended to satisfactorily operated accounts upto a maximum amount of Rs. 10,000. Where more than one cheque and/or cheques of the value of more than Rs. 10,000 are deposited for collection in a day or on subsequent days, withdrawal as per above instructions may be allowed upto a maximum of Rs. 10,000/- so that at any point of time, the collecting bank will have an exposure for amount not exceeding Rs. 10,000 against any individual customer. It may, however, be mentioned that in respect of instruments of the value of more than Rs.10, 000, it should be ensured that these are collected with least delay and the branches take prompt action for their despatch and realisation.

25.6 Local Cheques

The customers' accounts in the normal course should be credited and they should be allowed use of funds latest on the third working day from the date of acceptance of the cheques at the counters.

25.7 Implementation and Accountability

In order to ensure that the above time schedule is scrupulously followed by the branches, there needs to be a clear-cut staff accountability for the delay. For this purpose, special register may be introduced to record the delayed collections for necessary action.

25.8 Further, it should be ensured that where delays occur, the account holders are paid penal interest without their making requests therefor. Necessary instructions may be issued to the branches with a view to ensuring strict compliance of these instructions for automatic credit of interest in respect of delayed collection of outstation cheques so as to avoid any room for representations/ complaints from public.

25.9 Payment of Interest for Delay in collection of Outstation Cheques / Instruments

25.9.1 In all cases of delay in collection of outstation cheques and other instruments, the banks are required to pay interest at saving bank rate for delayed collection of outstation cheques/instruments drawn either on their own outstation branches or on outstation branches of other (drawee) banks and sent for collection, if the proceeds are not realised/credited to the customers' accounts or the unpaid instruments are not returned to customers within a period of 14 days from the date of their lodgement.

25.9.2 If the delay in collection of outstation cheques/instruments is beyond 10 days in the case of cheques lodged at and drawn on State Head Quarters except the State Capitals of North Eastern Region and Sikkim and beyond 14 days in all other cases, banks should pay interest at rate as applicable for appropriate tenure of fixed deposit for the period of delay. Further, banks should also pay penal interest at the rate of 2 per cent above fixed deposit rate for abnormal delay caused by the branch in collection of outstation instruments.

25.9.3 Interest payable should be paid/ credited to all types of accounts of the customers without the customers having to claim it. Such interest may, however, be paid only when the amount is Rs. 5 or more.

25.9.4 Senior Officials while visiting branches should make it a point to check implementation of the above instructions.

25.9.5 However, where the proceeds of instruments are to be credited to the cash credit, overdraft or loan accounts, with a view to compensating such customers equitably, the banks should pay interest at the Minimum Lending Rate stipulated by the banks, from time to time, for the period of delay in collection of outstation instruments beyond the normal period indicated above. Since the proceeds of outstation instruments are for credit to borrowal accounts, loss of interest to them for the delayed remittance is at the rate stipulated by the banks for such accounts.

25.9.6 Additional Measures for Quicker Collection of Outstation Instruments

Primary (urban) co-operative banks should initiate the following additional measures to reduce the time taken for realisation of cheques:

25.9.7 Cheques drawn on MICR centres should invariably be presented through National Clearing Cell.

25.9.8 Extensive use should be made of modern telecommunication technology for networking service branches in important centres and between service branches and other branches within a particular centre.

25.9.9 The concept of Quick/Fast collection service for collection of outstation instruments should be streamlined.

25.9.10 Separate registers should be maintained for local cheques and outstation cheques to enable the branch managers to exercise better supervision and remedial measures should be initiated to speed up the collection of outstation instruments.

25.9.11 With a view to closely monitoring the implementation of these instructions, Internal Inspection Teams may be advised to verify these aspects during Inspection of the branches, as this is a singular feature having a direct bearing on rendering improved customer service.

25.9.12 It is also necessary to make customers aware of the above facilities. The banks may, therefore, make arrangements to display information about the facilities available at the branches, for customers' knowledge.

26 Other instructions

26.1 Issue of Cheque Books

Banks should ensure that their cheque books are printed with due care and the perforation in the cheque leaves as also binding of cheque books are upto the mark so as to avoid any inconvenience to the customers.

26.2 Cheque Drop Facility and the Facility for Acknowledgement of cheques

While the cheque drop facility may be made available to the customers, the facility for acknowledgement of cheques at the regular collection counters should not be denied to them. No branch should refuse to give an acknowledgement on cheques being tendered by customers at their counters. Further, customers should be made aware of both options available to them i.e., dropping cheques in the drop box or tendering them at the counters so that they can take an informed decision in this regard.

26.3 Term Deposit Maturity Intimation in Advance

26.3.1 Banks are required to include in the term deposit application form, a direction for payment of deposits on maturity.

26.3.2 In addition to the above, the banks should also ensure to send, as a rule, an intimation for maturity dates of term deposits well in advance to their depositors in order to extend better customer service.

26.4 Maintenance of Complaint Book

In terms of recommendation 3.67 of the Goiporia Committee, banks are required to maintain a Complaint Book with adequate number of perforated copies so as to instantly provide the complainant with an acknowledgement copy. A format of complaint book with adequate number of perforated copies prepared by the Indian bank Association is given at Annexure II. Banks should take appropriate steps to introduce the same for ensuring uniformity at all offices of the banks.

26.5 Periodical Review and Monitoring

26.5.1 With a view to constantly upgrading the quality of customer satisfaction and also identifying more avenues for customer service, banks need to undertake periodical evaluation of the position in regard to the extent of actual implementation at the grass root level of the various recommendations of the Committee.

26.5.2 Banks also need to evolve an appropriate monitoring system in respect of 15 core recommendations. The banks are free to include more items for such monitoring and evaluation by their Board of Directors.

26.5.3 Banks should introduce a system of periodical evaluation on customer service on half yearly basis, as at the end of June and December, with a view to ensuring their implementation at all offices of the bank as also upgrading the quality of services to achieve higher satisfaction among the bank's customers.

26.6 Issue of Duplicate Demand Draft

26.6.1 Issue of Duplicate Demand Draft without receipt of Non- Payment Advice

The duplicate draft amounting to Rs.5,000/- or less, may be issued on the basis of adequate indemnity and without obtaining Non-Payment Advice (NPA) from the drawee branch.

26.6.2. Fixation of time-frame for issue of duplicate draft

UCBs should ensure that a duplicate draft is issued within a fortnight from the receipt of such requests. For delay in issuing duplicate draft beyond the above-stipulated period, they should pay interest at rate applicable for fixed deposit of corresponding maturity in order to

compensate the customer for such delay. These instructions would be applicable only in cases where the request for duplicate Demand Draft is made by the purchaser or the beneficiary and would not be applicable in the case of third party endorsements.

26.6.3 Senior Officials while visiting branches, should make it a point to check implementation of the above instructions.

26.7 Statutory provisions for Nomination Facility

The Banking Regulation Act 1949 (AACS) has been amended by incorporating among others, new sections 45ZA to 45ZF, which provide, inter alia, for the following matters:

- (a) to enable a co-operative bank to make payment to the nominee of a deceased depositor, of the amount standing to the credit of the depositor
- (b) to enable a co-operative bank to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by Reserve Bank
- (c) to enable a co-operative bank to release the contents of a safety locker to the nominee of the hirer of such locker, in the event of the death of the hirer after making an inventory of the contents of the safety locker in the manner directed by Reserve Bank.

26.7.1 Nomination Rules:

Since such nomination has to be made in the prescribed manner, the Central Government has framed Co-operative Banks (Nomination) Rules, 1985 in consultation with the RBI. These Rules, together with the provisions of new Sections 45ZA to 45ZF, of BR Act (AACS) regarding nomination facilities have been brought into force with effect from 29th March 1985.

The Co-operative Banks (Nomination) Rules, 1985, provide for:

- (i) Nomination forms for deposit accounts, articles kept in safe custody and the contents of safety lockers.
- (ii) Forms of cancellation and variation of the nomination.
- (iii) Registration of nominations and cancellation and variation of nominations.
- (iv) Matters related to the above

26.7.2 Nomination of articles in safe custody:

In the matter of returning articles left in safe custody by the deceased depositor to the nominee or allowing the nominee/s to have access to the locker and permitting him/them to remove the contents of the locker, RBI, in pursuance of Sections 45ZC(3) and 45ZE(4) of BR Act (AACS), has specified the formats for the purpose. In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, as also to verify the proof of death, co-operative banks may devise their own claim formats of follow the procedure, if any, suggested for the purpose either by their own Federation/Association or by the IBA.

26.7.3 Registration of nomination in banks' books:

In terms of Rules 2(10), 3(9) and 4(10) a co-operative bank is required to register in its books the nomination, cancellation and/or variation of the nomination. The co-operative banks should accordingly take action to register nominations or changes therein, if any, made by

their depositor(s)/hirer(s) of lockers. GOI has issued the notification bringing into force the provisions relating to nomination facilities, from 29th March 1985. Co-operative banks should therefore, ensure that the nomination facilities are made available to their customers.

26.7.4 Incorporation of legend Nominations Registered in pass book, deposit receipt etc. :

Primary (urban) co-operative banks should incorporate the legend "Nominations Registered" on every pass book or deposit receipt so as to enable the relatives to know the availment of the nomination facility by the deceased depositor.

27 Monitoring system of implementation of Goiporia Committee Recommendations:

The banks need to evolve an appropriate monitoring system for evaluating the position in regard to the extent of actual implementation at the grass root level of the various recommendations of the Goiporia Committee. In particular, the banks should pay special attention to the core recommendations as per Annex I.

28 Customer Service – Redressal of Grievances

In the case of fraudulent encashment of third party instruments by unscrupulous persons, by opening deposit accounts in the name/s similar to already established concern/s resulting in erroneous and unwanted debit of drawers' accounts, it is advised that in cases where banks are at fault, the banks should compensate the customers without demur; and (ii) in cases where neither the bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the banks should compensate the customer (up to a limit) as part of a Board approved customer relations policy.

29. Rounding off cheques to the nearest rupee

Banks are advised to ensure that cheques / drafts issued by clients containing fractions of a rupee are not rejected or dishonoured by them. Banks may also review the practice being followed by them in this regard and take necessary steps, including through issue of internal circulars, etc, to ensure that the concerned staff are well versed with these instructions so that the general public does not suffer. Banks may also ensure that appropriate action is taken against members of their staff who are found to have refused to accept cheques / drafts containing fractions of a rupee.

Master Circular on Customer Service
15 Core Recommendations of the
Goiporia Committee on Customer Service
[Vide para 27]

Sr. No.	Recommendation No.	Recommendation
1.	3.1	Commencement of employees' working hours 15 minutes before commencement of business hours can be made operative by banks at branches in metropolitan and urban centres.
2.	3.2	All the customers who enter the banking hall before the close of business hours should be attended to.
3.	3.3	Staff at the counters should undertake the following transactions during the extended business hours (branches to indicate the timings)
		a) Non-Voucher generating transactions
		1) Issue of pass book/statement of accounts.
		2) Issue of cheques book.
		3) Delivery of term deposit receipts/draft.
		4) Acceptance of share application form
		5) Acceptance of clearing cheques /bills for collection
		b) Voucher generating transaction
		1) Issue of term deposit receipts (TDR)
		2) Acceptance of cheques for locker rent due
		3) Issue of traveler cheques.
		4) Issue of gift cheques.
		5) Acceptance of individual cheques for transfer credit.
4.	3.4	To ensure that no counter remains unattended during the business hours and uninterrupted service is rendered to the customers.
5.	3.5	All branches, except, very small branches, should have 'Enquiry' or 'May I help you? Counter, either exclusively or combined with other duties, located near the entry point of the banking hall.
6.	3.13	In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on cheque book, pass book and any other literature reaching the customer as well as launching periodical drives to popularise the facility.

Sr. No.	Recommendation No.	Recommendation
7.	3.14	Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all other existing and new accounts.
8.	3.17	Issuance of statements of accounts and updating of pass books with correct and legible particulars should attract bank's constant attention.
9.	3.26	Trilingual brochures and pamphlets should be actively promoted, containing myriad customer-useful information.
10.	3.32	Facility of instant credit of outstation cheques may be raised to Rs. 5,000 (from Rs. 2,500). A separate type of pay-in-slip may be evolved for availing of this facility.
11.	3.33	Delay in collection of outstation cheques may be compensated by paying interest at 2% p.a. above savings bank rate, if such interest payable is Rs. 5/- or more. However, if the proceeds are to be credited to the borrowal accounts, like cash credit/over-draft/loan, etc. banks have to pay at the minimum lending rate that will be stipulated by RBI from time to time.
12.	3.36	Dishonoured instruments may be returned/dispached to the customer within 24 hours.
13.	3.67	Complaint book with perforated copies in each set may be introduced, so designed as to instantly provide an acknowledgement to the customer and an intimation to the controlling office.
14.	3.80	Infrastructure facilities at branches should be upgraded by bestowing particular attention to providing adequate space, proper furniture, drinking water facilities, etc.
15.	3.96	Time norms for specialised business transactions should be displayed predominantly in the banking hall.

Complainant's copy/Branch copy/H.O.copy

_____Urban Co-operative Bank
_____Branch

COMPLAINT BOOK

Serial No. _____

Date _____

Shri/Smt./Kum. _____

Address _____

Nature of Account, if applicable/maintained _____

Complaint in brief _____

(Signature of Complainant)

Sent to Controlling Office on _____

Remarks : _____

Date of Final Disposal

Signature of Bank Branch Manager

UBD.BR.764/B.1-84/85

NOTIFICATION

Sub: Banking Regulation Act, 1949 (As Applicable to Co-operative Societies)-Sections 45ZC(3) and ZE(4) - Form of inventory to be prepared by cooperative banks while returning articles left in safe custody and permitting the removal of contents of safety lockers

In exercise of the powers conferred on the Reserve Bank of India by sub-Section (3) of Section 45 ZC and sub-Section (4) of section 45 ZE read with Section 56 of the Banking Regulation Act, 1949, the Reserve Bank of India hereby directs that the inventory to be prepared before returning articles left in safe custody and the inventory to be prepared before permitting removal of the contents of a safety locker, shall respectively be in the appropriate Forms set out as enclosed or as near thereto as circumstances require.

(P.D.Ojha)
Executive Director

Dated: 29 March 1985

Form of Inventory of articles left in safe custody with banking company (Section 45ZC (3) of the Banking Regulation Act, 1949(AACS))

The following inventory of articles left in safe custody with _____ branch, by Shri/Smt. _____ (deceased) under an agreement/receipt dated _____ was taken on this, _____ day of _____ 20 _____.

Sr. No.	Description of Articles in Safety Locker	Other Identifying Particulars, if any

The above inventory was taken in the presence of :

1. Shri/Smt. _____ (Nominee) OR Shri/Smt. _____
(Appointed on behalf of minor Nominee)

Address _____
Address _____

Signature _____ Signature _____

2. Witness(es) with name/s, address/es and signature/s

-

I, Shri/Smt. _____ (Nominee / appointed on behalf of minor Nominee) hereby acknowledge receipt of the articles comprised and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____
(Appointed on behalf of minor Nominee)

Signature _____ Signature _____

Date & Place _____ Date & Place _____

Form of Inventory of Contents of Safety Locker Hired from Co-operative bank (Section 45ZE (4) of the Banking Regulation Act, 1949(As Applicable to Cooperative Societies)

The following inventory of contents of Safety Locker No. _____ located in the Safe Deposit Vault of _____, _____ Branch at _____.

* hired by Shri/Smt. _____ deceased in his/her sole name.

*hired by Shri/Smt.(i) _____ (deceased)
 (ii) _____ Jointly
 (iii) _____

was taken on this _____ day of _____ 20____.

Sr. No.	Description of Articles in Safety Locker	Other Identifying Particulars, if any

For the purpose of inventory, access to the locker was given to the nominee/and the surviving hirers,

- who produced the key to the locker.
- by breaking open the locker under his/her/their instructions.

The above inventory was taken in the presence of:

1. Shri/Smt. _____ (Nominee) _____
 Address _____ (Signature)

or

1. Shri/Smt. _____ (Nominee) _____
 Address _____ (Signature)

and

Shri/Smt. _____
 Address _____ (Signature)

Shri/Smt. _____ Survivors of
 Address _____ (Signature) joint
 hirers

2. Witness(es) with name, address(es) and signature/s:

* I, Shri/Smt. _____ (Nominee)

* We, Shri/Smt. _____ (Nominee), Shri/Smt.

_____ and Shri/Smt. _____ the survivors of the joint hirers, hereby acknowledge the receipt of the contents of the safety locker comprised in and set out in the above inventory together with a copy of the said inventory.

Shri/Smt. _____ (Nominee) Shri/Smt. _____ (Survivor)

Signature _____ Signature _____

Date & Place _____ Date & Place _____

Shri/Smt.

(Survivor)

Signature _____

Date & Place _____

(* Delete whichever is not applicable)

Master Circular on Customer Service

A. List of circulars consolidated in the Master Circular

No	Circular No.	Date	Subject
1	UBD. CO. BPD. No. 47/12.05.001/2006-07	21.06.2007	Extension of Safe Deposit Locker / Safe Custody Article Facility and Access to Safe Deposit Lockers / Return of Safe Custody Articles by banks
2	UBD. CO. BPD. No. 34/12.05.001/2006-07	17.04.2007	Rounding off cheques to the nearest rupee
3	UBD. PCB Cir.No. 25/09.39.000/2006-07	28.12.2006	Cheque Drop Box Facility and the Facility for Acknowledgement of Cheques – UCBs
4	UBD. CO. BPD. PCB. No. 23/12.05.001/2006-07	13.12.2006	Customer Service
5	UBD. CO. (PCB). Cir. No.15/09.39.000/2006-07	16.10.2006	Customer Service – Non-issuance of passbooks to Savings Bank Account –holders (individuals) – UCBs
6	UBD.CO.BPD.Cir.No.12/12/09.39.000/2006-07	06.10.2006	Address /Telephone Number of the Branch in Pass Books / Statement of Accounts – UCBs
7	UBD (PCB) Cir. No.54/09.39.000/05-06	26-05-2006	Display of Bank/ Service Charges
8	UBD No.LS.(PCB) No. 49/07.01.000/2005-06	28-04-2006	Facilities at Extension Counters
9	UBD BPD Cir. No.35/09.73.000/2005-06	09-03-2006	Provision of Note Counting Machines on the counters
10	UBD BPD.Cir. No.30/4.01.062/2005-06	30-01-2006	Collection of account payee cheque-Prohibition on crediting proceeds to third party account
11	UBDNo.BPD.PCB.Cir. 20 /09.39.00/2004-05	24-09-2004	Customer Service
12	UBD.DS.PCB.Cir 26/13.01.00/2002	20.11.2002	Levy of Service Charges by UCBs
13	UBD.BSD.I (PCB)No.45/12.05.00/2001-02	30-05-2002	Customer service – Reversal of transactions
14	UBD.BSD.I/PCB.No.45/12.05.00/ 2001-02	30-05-2002	Reversal of Erroneous Debits arising on fraudulent or other transactions
15	UBD.No.PCB.DS.34/13.01.00/2000-01	08-03-2001	Customer Service - Disposal of Deposits on Maturity - Intimation to Impending Due Date of the Deposit in Advance to Customers/Deposits
16	UBD.No.DS.7/13.05.00/1999-2000	23-06-2000	Customer Service - Immediate Credit of Outstation and Local Cheques - Enhancement of Ceiling
17	UBD.No.DS.PCB.CIR.38/13.01.00/ 1999-2000	14-06-2000	Customer Service - Issue of Cheque Books
18	UBD.No.PCB.CIR.21/13.05.00/1999-2000	17-01-2000	Customer Service - Collection of Outstation Cheques
19	UBD.No.DS.PCB.Cir.40/13.05.00/97-98	11-02-1998	Customer Service - Collection of outstation instruments
20	UBD.No.DS.PCB.Cir.54/1	26-05-1997	Customer Service – Collection of local

	3.05.00/96-97		cheques
21	UBD.No.DS.(PCB)CIR.66/ 13.05.00/ 94-95	30-06-1995	Customer Service Collection of Outstation/Local cheques
22	UBD.No.(SUC)DC.165/13. 05.00/93-94	30-04-1994	Customer Service – Implementation of recommendations of the Goiporia Committee
23	UBD.No.POT.65/09.39.00 /93-94	07-03-1994	Committee on Customer Service in banks - Implementation of recommendations of the Goiporia Committee-Maintenance of complaint book
24	UBD.No.(PCB)DC.11/ (13.05.00)/93-94	25-08-1993	Customer Service – Implementation of Recommendations of the Goiporia Committee
25	UBD.No.(SUC)DC.131/(1 3.05.00)/93-94	25-08-1993	Customer Service – Implementation of recommendations of the Goiporia Committee
26	UBD.No.POT.26/UB.38/9 2-93	16-06-1993	Committee on Customer service in banks Implementation of recommendations
27	UBD(PCB) 45/DC(VII)- 91/92	29-01-1992	Customers Service – Payment of Interest at Savings Bank Rate for the Delay in Collection of Outstation Cheques
28	UBD.No.POT.19/UB.38- 92/93	06-10-1992	Committee on Customer Service in banks - Implementation of recommendations
29	UBD.(UCB)1/DC-R-1- 89/90	17-01-1990	Customers Service - Payment of Interest for Delay in Collection of Outstation Instruments
30	UBD.DC.21/R.1-89/90	15-09-1989	Customers Service - Payment of Interest at Savings Bank Rate for the Delay in Collection of Outstation Cheques
31	UBD.No.(DC)51/R.1- 86/87	28-01-1987	Customers Service - Immediate Credit of Outstation Cheque up to Rs. 2500/-
32	DBOD.No.UBD.RBL.1555 /J-82/83	16-05-1983	Extension of banking hours of branches of banks