



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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### **Annual Conference of Banking Ombudsmen 2017 – July 25, 2017**

The Annual Conference of Banking Ombudsmen was held at Mumbai on July 25, 2017. Shri S S Mundra, Deputy Governor, Reserve Bank of India (RBI) inaugurated the Conference. In addition to the Banking Ombudsmen, the conference was attended by Chief Executives of SBI, ICICI Bank, HDFC Bank, PNB, Indian Bank Association (IBA), Banking Codes and Standards Board of India (BCSBI) and heads of concerned regulatory and supervisory departments of the RBI.

The Deputy Governor (DG), in his keynote address, observed that the participation in the conference by the top functionaries of the banks reflected their commitment to the customers. Shri Mundra touched upon the recent initiatives of the RBI in the area of grievance redressal. He mentioned that the Banking Ombudsman Scheme had been amended in July 2017 to, *inter alia*, include deficiencies in mobile and electronic banking as well as mis-selling of third party investment products by banks as eligible grounds for lodging complaint under the BO Scheme. In order to deepen and widen the reach of the BO Scheme, DG mentioned that the RBI had opened five new BO offices and if required, opening of few more BO offices could be considered over time.

Drawing attention to a large number of complaints on mis-selling, DG pointed out that the underlying reasons were the challenging targets set for employees, incentive linked quotas, lack of training and fast rotation of frontline staff. These along with the lack of co-ordination between back and front office, impacted customer protection and made it inconvenient for the complainants to easily approach the appropriate authorities for redressal. He therefore urged that the commitment of the Top Managements of banks should also percolate down the line so that the customers received efficient services as well as due care at all touch points. With regard to complaint management, he said that the banks should seek to study the patterns and undertake root cause analysis of complaints, which would be possible by adopting end-to-end automation of the grievance redressal mechanism and deployment of latest analytical tools.

Delineating the changing profile of banking, DG stated that the new generation of customers were more technology savvy and the choices available to them, including the channels, had also increased exponentially. A scenario was thus emerging wherein customers would be able to silently walk out from one institution to another, in case of any dissatisfaction with the services. This, he said, would be further accentuated with the

possibility of portability of accounts. In this context, the DG urged the banks to work towards Account Number portability as it will be a far-reaching step towards enhancing competition and improving customer service.

DG also broached the issue of the rising trend of loss of cheques from drop boxes and the lack of alacrity shown by banks in redressing such complaints. In such cases, he said that the customer must be compensated immediately. The DG therefore urged the banks to explore the possibility of creating a common account and compensate the customers immediately from this pool, without waiting for recovery of the amount from insurance etc.

Stressing upon the importance of the Banking Correspondents (BCs) in the light of the recent RBI guidelines making the BC equivalent to banking outlet, the DG exhorted banks to pay close attention to services rendered by BCs especially in rural and semi-urban areas and take precautions to curb mis-selling of products and address the problem of illiterate customers getting duped by aggressive marketers of financial products. He also impressed upon the banks to move away from seeking 'negative confirmation' from customers in respect of legal agreements that often have several fine prints, and instead obtain 'positive confirmations' from the customers that they have read and understood the terms and conditions of the product / service. Touching upon the tenets of the Charter of Customer Rights, DG urged banks and the IBA to work towards evolving a common platform to provide a comparative and transparent view of various products and services to help the customer in selecting the option/s best suitable to them.

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