



Banking Codes and Standards
Board of India

भारतीय बैंकिंग कोड एवं मानक बोर्ड

www.bcsbi.org.in

Customer Matters

CEO's Message

Dear Readers,

I wish you all a very Happy and Prosperous Year 2019.

Let me begin with a recap of BCSBI activities this year.

The "Code of Bank's Commitment to Customers" was revised in January 2018. The revised Code captures the essence of the Charter of Customer Rights and includes the recent regulatory changes with regard to limited liability in respect of unauthorized electronic transactions and facilities to senior citizens. All our member Banks have committed to implement the same in letter and spirit.

BCSBI also conducted some thematic studies for disseminating best practices followed in the industry for improving on Code Compliance implementation. A few such studies, as mentioned below, were conducted and shared with the member Banks for better customer experience.

- monitoring of implementation of the Code of Bank's Commitment to Customers at bank branch level and
- charges by Banks for sending SMS alerts and various types of SMS messages sent by Banks to their customers.

As part of customer service initiatives, Public Sector and Private Sector member Banks were advised to conduct regular customer awareness meetings exclusively to advise them about their rights and provisions of the Codes. Most of these member Banks have started conducting such meetings and this will go a long way in customers being made aware of their rights and improving services based on customer feedback.

During the customer awareness meetings conducted by BCSBI, we get an insight into several customer grievances and issues. In our earlier newsletter, we had shared a few examples of customer grievances and their redressal. In the current issue, as the theme of the quarter, we have shared issues pertaining to senior citizens and their rights.

This issue also contains the next in our series of articles in the Guest Column. We are grateful to Ms. Arnika Dixit, Citibank, Country Head, Customer Franchise Management, who has contributed an article on "The Wave of Digital Transformation in Customer Experience" which makes for some interesting reading.

In the New Year, BCSBI would continue its endeavour in empowering bank customers with regards to their rights as per the Codes and partnering with member banks for a better customer experience.

Regards,

(Anand Aras)

Chief Executive Officer



What's Inside

AWARENESS
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BCSBI News

As of the quarter ended December 2018, the membership of Banking Codes and Standards Board of India (BCSBI) stands unchanged at 133.

Customer Awareness Meetings

Banking Codes and Standards Board of India (BCSBI) continued its ongoing efforts to increase awareness of the Codes and Standards developed by it and adopted by member banks among the bank officials and customers.



▲ Shri D P Sudhaker, SVP, BCSBI addresses the Customer Meet at Vijayawada. Others from left are Shri V Ganesh, Manager, TransUnion CIBIL Ltd., Dr. Kosaraju Rabindranath, Regional Head, Union Bank of India, and Smt. Hemalatha Rajan, SVP, BCSBI



▲ Seen at the Customer Meet at Rajkot are from left Smt. Sati Nair, SVP, BCSBI, Shri A K Menon, SVP, BCSBI, Shri Vijay Goel, DGM, SBI, and Shri Fula Bhai Patel, Chief Manager (Customer Service), SBI

During the quarter ended December 2018, BCSBI organized customer awareness meetings at (i) Vijayawada on October 30, 2018 (ii) Jodhpur on November 13, 2018 (iii) Rajkot on December 17, 2018 and (iv) Guwahati on December 19, 2018. A total of 700 customers alongwith bank officials attended these meetings.



▲ Shri Anand Aras, CEO, BCSBI addresses the Customer Meet at Jodhpur. Others from left are Smt. Jyoti Sharma, SVP, BCSBI; Shri Karanbir Singh Bhatia, Manager, TransUnion CIBIL Ltd; and Shri V C Kumawat, LDM, Jodhpur.



▲ Smt. Jyoti Sharma, SVP, BCSBI addresses the Customer Meet at Guwahati



▲ Cross section of audience at Jodhpur

BCSBI alongwith TransUnion CIBIL organized Customer Rights Awareness workshops with officers of banks at (i) Vijayawada on October 30, 2018 (ii) Jodhpur on November 14, 2018 (iii) Rajkot, on December 17, 2018.

During the quarter, a BCSBI official also participated in the Town Hall Meeting organized by Banking Ombudsman, Gujarat at Daman.

Bankers' Awareness Meet in Association with IIBF

For the first time, a bankers' awareness seminar was organized by IIBF in collaboration with BCSBI at IIBM Guwahati on December 20, 2018. The meeting was attended by controlling heads of bank branches and other senior officers. The speakers on the occasion were Dr. J.K. Mishra, CEO, IIBF, Dr. K. Ramesha, Director, IIBM; Shri Anand Aras, CEO BCSBI; Ms. Gopika Arora, Deputy Vice President, TransUnion CIBIL Ltd. and Dr. S. Muralidharan, Director (Academic) IIBF.



▲ Dr. J K Mishra, CEO, IIBF addresses the Customer Meet at Guwahati. Others from left are Dr. K Rameshan, Director, IIBM; Shri Anand Aras, CEO, BCSBI and Dr. S Muralidharan, Director (Academic), IIBF

Meetings Conducted by Member Banks

During the quarter, the BCSBI officials participated in Customer Meets organized by banks to spread awareness of the BCSBI Codes and the grievance redressal mechanism. These Meets were organized by:

- (i) Karur Vysya Bank at Vijayawada, Hyderabad, Tambaram and Bangalore.
- (ii) Lakshmi Vilas Bank at Puducherry, Vijayawada and Vishakhapatnam
- (iii) Federal Bank at Pollachi and Mumbai
- (iv) IndusInd Bank at Chennai and Coimbatore
- (v) Bank of Maharashtra at Latur



▲ Shri P K K Krishnan, Former SVP, BCSBI explains the Code provisions at the Customer Awareness Meet organized by Lakshmi Vilas Bank at Vijayawada. Others from left are Shri K Panduranga Rao, Regional Head; Shri V Madhusudana Rao, Chief Customer Service Officer; and Shri L Kirubakaran, V P.



▲ Shri S K Nayak, SVP, BCSBI addresses the Customer Meet organized by Karur Vysya Bank at Hyderabad



▲ Shri Anand Aras, CEO, BCSBI makes a point at the Customer Awareness Meet organized by Federal Bank at Mumbai. Others from right are Smt. M Shobha, Dy VP & Head Service Quality, Federal Bank, Aluva; Shri Deepak Govind, VP & Zonal Head, Federal Bank, Mumbai; and Smt. Sati Nair, SVP, BCSBI

SENIOR CITIZEN RIGHTS AND THEIR GRIEVANCES

Of the several customer accounts a Bank has, the section of customers which needs a little extra attention is the senior citizen segment. In broad pursuit of this and other objectives, Customer Awareness Programmes are conducted regularly by BCSBI and different member Banks. The purpose of the meetings is to increase awareness of the Codes which enshrine the rights of Bank customers and to understand their grievances, if any, besides their perspective for improvement in banking services. Notwithstanding the fact that Banks have extended additional facilities to senior citizens to facilitate a hassle-free banking experience, in this article we would like to highlight some of the grievances of senior citizens and the relevant provisions of the Code of Bank's Commitment to Customers.

Additional rate of interest applicable on the fixed deposits of senior citizens:

When a customer attains the age of 60 years, the banks change the classification of an account to a Senior Citizen account. Some Banks however continue to renew the fixed deposits at the rate of interest as applicable to normal customers unless specifically requested by the customer for preferential rate applicable. Banks should ensure that a customer automatically gets the benefit of the senior citizen rate during fixed deposits renewal/auto renewal on attaining sixty years of age.

Service charges for SMS and non maintenance of minimum balance:

The SMS messages are sent to alert the senior citizen/pensioner of transactions in their accounts and to prevent wrong debits to the accounts. The SMS charges levied are nominal and many Banks levy such charges to senior citizens. Similarly, minimum balance charges for senior citizens are levied in case the senior citizen does not maintain the requisite minimum balance. It would be prudent for Banks to make exceptions where needed.

Physical access to branches:

Senior citizens complain that physical access to many branches is difficult and ramps are not available. Though it is the endeavor of all banks to make physical access to Branches/ATM lobbies convenient, yet at times providing ramps in branches located on a higher floor is not feasible. In such cases Banks should provide hand railings to facilitate convenient access to branches. In case of non availability of such facility the customer should be advised that he/she can ask for help from the Bank officials.

Single window concept:

The single window concept is not followed in some Bank branches due to resource constraints. It is suggested that Banks have separate queues for senior citizens and provide personalized services for their banking transactions and redressal of grievances. Adequate seating arrangement should be made in the visitor area while their banking

transactions are processed. In case of space constraints, priority should be given to senior citizens for conducting their banking transactions in case a single window concept is not available.

Senior Citizens are compelled to use debit/ATM card for their cash transactions:

Senior citizens complain that they are compelled to use their debit/ATM card for their cash withdrawals. This is not to be viewed as something coercive, but as a healthy banking practice. The transactions can be done at their convenience and will also avoid having to visit their home branch. A lot of handholding is done to educate senior citizens on how to use the ATMs. Branch staff guides them and there is also a check list of "do's and don'ts" in the ATM lobbies. However, senior citizens should not be compelled to use an ATM if they are not comfortable with it and would prefer to transact at the branch.

Banks insist on cheques being deposited in the drop box:

Banks have drop boxes in their premises for depositing cheques. This is to be viewed as a facility for the customer to avoid standing in long queues. However a senior citizen may, if he so desires, hand over the cheque at the counter against an acknowledgement. Senior citizens are comfortable receiving an acknowledgement for their transactions and should not be compelled to deposit their cheques in the drop boxes.

Door step facility to senior citizens above 70 years of age:

Senior Citizens sometimes request for door step facility particularly the ones who cannot visit the branch due to illness or disability. Banks should endeavor to extend such a facility for cash withdrawal and other banking services.

Acceptance of life certificate:

Some of the senior citizens advise that they have to travel quite some distance to their home branch in order to submit the life certificate. Delay in submission may result in stoppage of pension from the subsequent month. Accordingly, now with the implementation of the CBS system in most banks, life certificates should be accepted at any branch of the bank without any charges.

Amount of pension credited not known:

Another complaint of senior citizens is that they are not aware of the amount of pension credited to their bank account. Every Bank must provide a pension slip containing the details of amount credited to the bank account for information of the beneficiaries.

The above examples summarize the rights of the senior citizens as detailed in the Code of Bank's Commitment to Customers. The Banks must endeavor to address, these concerns in order to improve the quality of service to senior citizens and to make their banking experience delightful.

Non-payment of interest on pension arrears

The complainant, a senior citizen, was aggrieved about non-receipt of interest on pension arrears credited after a delay of 16 years despite follow up with the bank.

The case was referred to the Office of the Banking Ombudsman (OBO). It was found that on superannuation in 1998, the complainant was paid arrears after a delay of 16 years in 2 instalments in 2014 (₹ 90,668 and ₹ 3,600). However, the interest for the delayed period was not credited. The bank did not respond to the complainant's representations either. On the matter being taken up with the bank by OBO, the bank acknowledged delay of 5706 days at their end for crediting the pension arrears. The bank paid interest for the delayed period @ 8% p a which amounted to ₹ 1,13,417/-

The complainant confirmed the credit and expressed satisfaction over the resolution provided.

Non-Renewal of Fixed Deposit account

The complainant had two fixed deposits with the bank. As she was over 60 years of age the deposits were senior citizen deposits with auto renewal instructions. The bank did not auto renew the complainant's FDs from 2016 and paid her interest at savings bank rate when she approached them with the complaint. Such action was taken on the grounds that she had not submitted age proof for availing senior citizen benefits.

On being referred to the Office of the Banking Ombudsman (OBO), the bank called for documents from the complainant to prove her senior citizen status. The complainant pointed out that the deposits were *ab initio* opened under senior citizen's category.

The bank thereafter, renewed the deposits with back date as senior citizen's deposits after getting the required internal approvals.

Excess interest charged on Agricultural Gold Loan

The complainant availed an Agricultural Gold Loan of ₹81,500/- on 09.08.2016 and closed the same on 21.11.2017. Bank did not give the complainant notice regarding closure date in advance but sent auction notice on 08.08.2017. Complainant alleged that she was charged with excess interest. She approached the Office of the Banking Ombudsman (OBO) to get back the excess interest charged from her when no response was received from the bank for her representation.

On taking up the matter with the bank, they replied that Agricultural Gold Loans are to be either renewed or closed before one year of the disbursement, failing which interest

would be charged at base rate + .05% after one year. Bank also submitted that total interest charged was ₹ 10,244/- and ROI applied was 9.75%. From the documents submitted to the OBO, it was observed that the bank did not have a practice of giving sanction letters to borrowers in respect of Gold loans. The only document issued with bare minimum information on terms and conditions was the loan card, which stated that "If the loan amount not adjusted within a period of one year, after one year the ROI charged will be normal rate of interest". Bank was advised to charge interest in the account @7% up to one year from the date of disbursement/ renewal, recast the loan accordingly and refund the excess interest levied to the complainant.

Bank complied with the BO's advisory and refunded the excess interest of ₹2,331.12 charged in the gold loan account of the complainant.

Unauthorized transactions in account maintained by a Trust

A charitable Trust was maintaining account with bank A. The office bearers of the Trust had changed, and the new management assumed charge in January 2018. The Trust had detected two unauthorized debit transactions by way of NEFT from their account, without any instructions from the authorized signatories. Amounts to the tune of ₹ 48,000/- and ₹ 3,20,000/- were transferred without their knowledge within a span of 5 days. The complainant had alleged that the two cheques, which were earlier returned by the bank for want of KYC updation, were used to carry out the aforesaid transactions. It was also stated by them that the bank had already levied cheque return charges from their account. Despite repeated requests for refund, the bank had not obliged. The complainant suspected external intervention behind the delay in refund. Bank declined to provide them with details as on whose behest the transactions were carried out.

On being referred to the Office of the Banking Ombudsman (OBO), the bank submitted that the complaint was lodged by the current office bearers, while the cheques were signed by their predecessors. The cheques were returned, and operations in account were suspended owing to non-updation of KYC details. It was reinstated following updation and submission of the KYC, a couple of days before one of the disputed transactions took place. The bank authorized the disputed transactions as they were not in receipt of 'stop payment' instructions from the present office bearers.

It was observed that the bank had failed to exercise due diligence and had not honoured the cheques as per the mandate in the account on the date the cheques were passed. The bank, despite being apprised of the change in management, honoured cheques which did not carry the signatures of the persons authorized to operate the account as on the date of presentation of the same. In view of this, they were directed to pay the disputed amount totaling to ₹3,68,000/- (₹ 48,000/- + ₹ 3,20,000/-) to the complainant. Bank complied with BO's advisory.

(Source: Cases dealt with by Banking Ombudsman, Thiruvananthapuram during the quarters ended June 2018 and September 2018)

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Arnika Dixit, a post-graduate in Management and an honors in Economics, heads the Customer Franchise Management Function in Citibank India. This includes Marketing, Digital Banking, Analytics and Information Management and Client Experience. Arnika has 18 years of experience across multiple functions such as product management, loyalty, marketing, digital and customer experience. Prior to Citibank India, Arnika was VP-Marketing India and South Asia for American Express Banking Corp.

The Wave of Digital Transformation in Customer Experience

- Arnika Dixit
Country Head –

Customer Franchise Management, Citibank India

Client obsession with a focus on digital can help us elevate customer experience and create delightful experiences for the customer. A seamless customer experience comprises of three key features a) Understanding the customer and building targeted micro-segments/personas b) Delivering an omni-channel experience, which cuts across physical and digital worlds and c) driving continuous improvements to customer journeys basis evolving customer needs.

The first feature comprises building customer personas or micro-segments and giving each persona a name and personality. Each persona corresponds to lifestyle choices and life events of customers to understand them better. Information captured using various interactions with the bank, help weave a life story for the customers and customize offerings at each step.

Using advanced analytics the customer lifecycle can be leveraged to create a differential experience for multiple customer personas sitting in the base. For eg: Younger digital savvy customers can be promoted an easy to apply credit card for online usage while a customer who is recently married can be given solutions like a home loan to suit his needs. This strategy can be applied across many micro-segments and customers can be uniquely serviced at the time of their need through a preferred channel.

The second key element to drive customer experience is a seamless omni-channel experience. Digital channels should provide the same seamless experience as physical channels. This would provide

convenience and the ability to carry through experience across channels. Research shows that customers who use digital channels for service transactions are one-third more satisfied, on average, than those who rely on traditional channels. Servicing through digital channels must involve quick resolution of customer queries and addressing grievances as customers start to reach through social media channels including Twitter, Facebook and Instagram.

The needs of customers are expanding rapidly because the customer's experience is influenced by the wider ecosystem of new age tech companies. A continuous feedback loop should be in place internally from customers and externally from the larger eco-system to enhance and drive the omni-channel experience.

The third element is to relook at all customer touchpoints and customer journeys. In the VUCA (volatile, uncertain, complex and ambiguous) world, the focus is on re-inventing the customer experience and continuously improving customer journeys. Customer journeys need to evolve and an agile approach needs to be adopted for transformation.

Being an essential part of customers' digital life is a must for any brand. Customer expectations will be to serve them where they are and hence it is imperative that the customer experience is evolved to a truly digital experience.

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The views expressed in 'Customer Matters' are not necessarily the views of BCSBI Management.