

RBI Norms for Protecting Customers

Reserve Bank of India (RBI) has released a Charter of Customer Rights, which enshrines broad, overarching principles for protection of bank customers and enunciates the five basic rights for bank customers, that is, (i) Right to Fair Treatment, (ii) Right to Transparency, Fair and Honest Dealing, (iii) Right to Suitability, (iv) Right to Privacy, and (v) Right to Grievance Redress and Compensation. RBI has advised banks to formulate either an exclusive Customer Rights Policy keeping the spirit of the Charter intact or dovetail the existing Customer Service Policies suitably to integrate the Charter and its tenets with the approval of the Board. The banks have since framed Customer Rights Policy with the approval of the Board. Banks have also been advised to review internally by the Board the progress made in implementation of the Charter.

RBI vide its circular dated September 28, 2006, issued guidelines on Fair Practices Code (FPC) for all Non-Banking Financial Companies (NBFCs) to be adopted by them while doing lending business. The guidelines inter-alia covered general principles on adequate disclosures on the terms and conditions of a loan and also adopting a non-coercive recovery method. The same was revised in view of the recent developments with sector including creation of New Category of NBFCs viz., NBFC-MFII and also the rapid growth in NBFCs lending against gold jewellery. Revised circular was issued on March 26, 2012.

The Banking Ombudsman Scheme has specified 27 grounds of complaints under which complaints can be lodged with the Banking Ombudsman on grievances related to deficiency in banking services provided by commercial banks, Regional Rural Banks and scheduled primary cooperative banks. In so far as NBFCs are concerned, no cases of depositor cheating by the entities regulated by RBI have come to the notice of RBI during the last three years.

RBI has also set up the Banking Codes and Standards Board of India (BCSBI) as an autonomous body, adopting the stance of a Self-Regulatory Organization in the larger interest of improving the quality of customer service by the Indian Banking System.

Further, RBI has issued guidelines on Fair Practices Code for Lenders. In terms of these guidelines the banks have been advised to frame the Fair Practices Code duly approved by their Board of Directors.

This was stated by Shri Jayant Sinha, Minister of State in the Ministry of Finance in written reply to a question in Lok Sabha today.

(Business Standard)