

## **Seminar on Responsibilities & Rights of Consumers and Banks in Banking Services**

Consumers Association of India along with Indian Banks' Association, jointly organised a seminar on Responsibilities and Rights of Consumers and Banks in Banking Services on 6<sup>th</sup> Oct,08 at Abhirami Chidambaram Community Hall, Kotturpuram, Chennai. This seminar on Banking Services was the first such seminar to be organised on this topic.

There was participation from several public sector and private sector banks, senior officers of Indian Banks' Association, Reserve Bank of India's Ombudsman from Hyderabad, Deputy Governor, Reserve Bank of India, a well known writer on economic issues, a former MP, a senior advocate, representatives from consumer organizations and consumers. This seminar provided a common platform for all stakeholders to represent their point of view.

Mr. R. Desikan, Founder Trustee, Consumers Association of India welcomed the gathering and outlined the objectives of the seminar. He talked briefly about the activities that CAI was involved in, in the last 7 years.

With the banking activities reaching their peak, he felt, the time had come for a seminar of this nature, to discuss various issues that were involved, threadbare.

Mr. Desikan welcomed Mr. S. Ramakrishnan, IAS Retd, Commissioner, RTI, Tamil Nadu who kindly agreed to inaugurate the seminar in the absence of Mr. Arun Ramanathan, IAS, Finance Secretary and Secretary, Financial Services, Govt. of India, who could not be with us due to some urgent commitments at New Delhi. He also welcomed Mr K. Unnikrishnan Dy. Chief Executive and Sr. Vice President, IBA, Mr. K. V. Subba Rao, CEO of BCSBI and Mr. Sebastian, Reserve Bank of India, Ombudsman from Hyderabad.

Mr Ramakrishnan Commissioner RTI Tamilnadu spoke about the relevance of RTI in consumer affairs and banking services.

Mr. Unnikrishnan from IBA gave his opening remarks about the consumer service in Banking and the role of IBA

He traced the history of banking and IBA, stating that IBA was the forum for all public sector banks from 1969 to 1991 which took suo motu decisions on charges and service levels. There was a paradigm shift in '91, he said, on account of the entry of private banks and competition; New products were developed with fresh terms and conditions; publicizing these was a challenge - charges were left to the banks; customer service was left to the banks and it was expected that competition would improve customer service

He reiterated the point that bankers are intermediaries between savers and borrowers; banks are one-stop-shops for all financial services. He felt the depositors are the big stake holders and they should get importance. IBA came out with a “model citizens charter” and “fair practices code” in the year 2000, he said.

The Vote of thanks for the inaugural session was rendered by Mr. R. V. Rajan, Trustee, CAI. He thanked all the speakers for their thought provoking speeches. He also thanked all the participating banks for their sponsorships and support. He made the point that financial literacy of most of the consumers is poor and this led to many grievances

The second session was a panel discussion where Mr. Subba Rao CEO BCSBI , spoke in detail about the Banking Codes and Standards Board of India and its role in regulating the banking industry. He gave a detailed presentation about BCSBI’s role as a watchdog in monitoring and ensuring that the standards adopted by banks are adhered to while delivering the services He mentioned that 68 banks are members of BCSBI – all are public sector or Indian banks. BC SBI has also laid down service level commitments, procedure for grievance redressal and simplified procedures for approval of small loans to SMRs and MSE customers.

The next session was a technical session where several senior executives from the banking industry put forth their points of view.

Mr A Subramanian, Executive Director of Indian Bank talked on the topic Customer is King. He mentioned the measures taken by Indian Bank to improve customer service, about their being fully computerized, etc.

Mr.M.S. Prakash General Manager, Customer Services of Indian Overseas Bank talked about “redressal of grievances from customers” He talked more on the responsibilities of consumers, He enumerated the 7 reasons for grievances; and said most grievances arose because of the fact that both banking staff and consumers are not aware of their expectations and rights. He felt much has to be done to educate consumers, particularly in non-urban centres.

Mr M. R. Umarji, Chief Advisor, Legal for Indian Banks’ Association talked about “Legal Perspective in banking services and the consumer protection Law” in India. He also explained in detail about the bill that he helped to draft, which helped banks in their debt recovery. This bill was drafted to simplify the procedures in debt recovery in view of the inordinate delays faced in civil courts.

Mr. N. Sebastian , Ombudsman, Reserve Bank of India, Andhra Pradesh, talked about “avenues for redressal”available to consumers of banking services. He talked about the role of

Ombudsman and mentioned how it would be more effective if the Ombudsman could go to the public instead of waiting to receive the report from the aggrieved party.

This was followed by a short question and answer session which was moderated by Mr. M. R. Umarji from IBA.

The post lunch panel discussion was planned as a session to voice the views on behalf of consumers. This session had several well known speakers putting forth the points of view on behalf consumers.

Mr. Era Chezhian talked about “consumers and Banks”.and cited examples of various aspects of banking services where consumers suffered. He spoke at length on problems relating to credit cards, credits pertaining to outstation cheques, interest calculation on daily balances of savings banks etc. He suggested that the ombudsman should be from outside the banking community

Mr. K Srinivasan, Chairman, Prime Point, talked about the need for better communication from banks to customers; as to how everything flows only from the CEO’s office and the need for better communication. Mr. Srinivasan said that some of the banks are now changing their logo and spending several hundred crores of rupees in the so called “image building” exercise. He mentioned that most customers are not bothered about the logo of the bank but only about the service that banks provide to the customer. Image building does not come by change of logo but by better customer service.

Mr. S. Gurumurthy, Corporate Auditor and Columnist, talked about “consumer concerns”. He explained the genesis of the global meltdown of the financial markets and exposure of Indian banks directly and indirectly to this; he mentioned that the regulations of RBI reduced this exposure to public sector banks. While private banks do have an exposure; he mentioned the role of bankers in advising the SMEs in rural areas on currency and money matters.

Mr. K. S. Natarajan, a senior advocate and advisor to CAI talked about “rights and responsibilities of consumers” with regard to banking services

The next session started with a presentation on the recommendations based on the various sessions put forth by Mr. S. Ramani, Trustee of CAI.

*Please refer to the article “ Recommendations from CAI to RBI” .*

The Valedictory session. was chaired by Mr. K. Rajaraman, IAS, Commissioner of Civil Supplies & Consumer Protection in Tamilnadu. He spoke about the importance of consumer protection, the steps taken by the government and the options available to consumers for redressal of their complaints.

Mr. K. Unnikrishnan summed up the entire day’s proceedings – the presentations put forth by all the speakers, the role of IBA and the Reserve Bank of India in ensuring that consumers got was rightfully due to them.

Mrs. Usha Thorat, Deputy Governor of Reserve Bank of India, gave her valedictory address where she presented all the initiatives taken by Reserve Bank of India. to ensure that banks were more customer friendly. She stated that both banks and consumers have a role to play in making

banking services efficient. This was followed by a short question and answer session from the audience.

The seminar ended with a formal vote of thank proposed by Mr. K. Ramachandran, Director, Finance CAI where he thanked all the speakers, IBA, Reserve Bank fo India, participating banks, the delegates, members of the media and all those who helped in making the seminar a success.

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