

CAI – IBA Seminar: Recommendations to RBI/IBA from Consumers

CAI and IBA jointly conducted a seminar on “Rights and Responsibilities of Banks and Consumers in Banking Services”. This was attended by over 70 delegates from banks and over 50 consumers. The details of the discussions are published in another article. CAI compiled the following list of recommendations and these were presented in the concluding session of the seminar by Mr. S. Ramani, Trustee of CAI. We were assured that these will be considered seriously and action will be initiated.

Survey : CAI had conducted a short survey of Banking customers in August/September 2008. The survey was conducted by the members of the consumer clubs in MOP Vaishnava College and ITM, Chennai. Over 500 users were interviewed. The overall satisfaction was >94%. But the truly satisfied (Excellent and Good) were only 45%. The major reasons for the dissatisfaction were

1. Bank staff is not responsive/ impatient. / do not listen to problems/ poor customer communications/ make us feel that they are doing us a favour by talking to us
2. Delays in processing / too many requirements of documents/
3. Hidden charges/ deduction of charges without prior information/ no warnings when changes are made/ take-it-or-leave-it attitude
4. Too crowded and not enough staff

We grouped our recommendations under 2 and 3 above. We do not offer any comments on 1 and 4 since we are confident that Banks are doing whatever is necessary in these two areas.

Our Recommendations:

1. Net Banking and Phone Banking were promoted aggressively to ease the work pressure of bank staff and better service. This use of technology brings its own problems such as identity theft and major frauds. While bulk of it due to the carelessness of the users, this carelessness is more on account of lack of knowledge about the computer/networking.

a. It is suggested that all banks should train their own staff and offer training to less computer literate people on use of these tools.

b. All banks have set up security measures but these can be and are breached. RBI/IBA should consider this possibility and suggest procedure for grievance resolution.

2. Offer the facility of ATM/ net-banking/ phone banking facilities automatically to long term customers.

3. Highlight the additional and extra charges upfront and leave the option to consumers to go ahead or not. This should be incorporated in ATMs, Net-banking and Phone banking where the modern technology is used.

For example, if a consumer uses a credit card in the ATM, he should be warned that there will be heavy charges. These things are easy to implement in a computerized system and as a matter of fact are already followed by many banks abroad.

4. Banks are increasingly involved in selling NFOs, Mutual Funds and Insurance to their customers. This gives a sense of (false) security, respectability and assurance to old customers. IBA/RBI should address this.

5. Some suggestions which are long overdue since most banks are fully computerized

a. Interest on SB accounts should be on a daily balance instead of the current monthly minimum balance

b. With core banking signature verification, access to account balance information are available everywhere. There is no reason why outstation cheques should take days and weeks for clearance. We suggest that a limit be set and cheques below this amount be cleared immediately as if it is a local cheque.

6. Improving financial Literacy of the consumers: IBA should work with consumer groups to work out training for spreading this awareness. The use of net-banking, phon-banking should also be included.

7. Prevention of a grievance is better than redressal. With this in view, BCSBI is laying out codes and standards for "Fairness" and "Transparency" .

a. Consumer groups should be involved or consulted or at least used as a sounding board when these are codified. It is only fair that one of the affected parties be consulted in determining what is fair.

b. The SLAs (service level agreements) which are committed by the Banks should be prominently displayed in each branch so that the consumers know what they can expect and the bank employees are reminded of their commitment.

8. We agree that any service cost money. While we feel that the interest spread between the interests paid on deposits and interests charged for loan should cover most of these, there will be some service charges which go beyond this and some charges are levied for discouraging some frivolous services. **We say that every new fee should be announced. Each and every new charge should be highlighted and the consumers offered the option to withdraw without any penal fees.**

We will publish these comments in our website and invite our members for additional comments and suggestions which will be forwarded to RBI/IBA/BCSBI

S. Ramani
Trustee, CAI

We invite comments/suggestions from our readers. Please write to editor@cai-india.org .