

ALL INDIA
RESERVE BANK
EMPLOYEES ASSOCIATION
13, NETAJI SUBHAS ROAD,
KOLKATA-700 001

PHONE:(033)2210-4136
2230-9232
2243-9079
FAX No: (033)2231-0885
E-mail:airbea@vsnl.net

No. GS.Spl. / 24 / 2015

17th February 2015

The Governor
Reserve Bank of India
Central Office
Mumbai

Sir,

Your kind attention is drawn to the first editorial "**Needed, Real Inclusion**" in the Business Line of date (copy enclosed for ready reference), which advocates, very correctly, the expansion of Banking Ombudsman system by the RBI to provide "easier redress to small banking customers" not only in Metro or big cities but in the vast hinterland where because of the Jan Dhan Yojana Scheme and induction under the same of about 12 crores new account-holders, mostly below the poverty line, a large number of banking clientele now are supposed to engage in banking activities. Along with the number the complaints regarding service etc. are also bound to increase phenomenally. You will please recall that during our talks with you in the recent past on proposed "restructure, reorganization" etc. of RBI, the undersigned stressed on need-based expansion and revamping of banking ombudsman scheme, as very customer and consumer-friendly mechanism and appreciated by a large swathe of banking clients, you kindly said that Bank would be viewing seriously and doing the needful for "consumer protection".

In this regard, may we request you to kindly take appropriate early measures for expansion of Office of Banking Ombudsman (OBO) in RBI. Besides expansion of existing framework, RBI may kindly consider opening the offices of Banking Ombudsman in the newly opened offices of RBI, which are called as tier-III offices, which will cater to clientele in far flung areas and will be really effective and meaningful. Bank may please consider urgently.

We also get frequent reports that after going through the complaints, when Office of Banking Ombudsman suggests remedial / corrective actions to be taken by commercial banks, many a time these are not acted upon or heeded to putting the complainants in difficulty. This aspect requires to be addressed by RBI on an emergent basis and, if necessary, with appropriate sternness and promptness, so that banking customers are not exposed to further hurdles and hassles.

Also, RBI's such actions and steps need to be appropriately publicized for the knowledge of the general public. This will, besides giving relief and comfort to the sufferers, will heighten the image of RBI.

May we, once again, seek early measures by RBI.

With regards,

Yours faithfully,
Sd/-
(Samir Ghosh)
General Secretary

Encl: As stated

p. t. o.

No. GS.Spl. / 25 / 2015 of date.

Copy with enclosure forwarded for necessary action to:

- 1) Sri H. R. Khan, Deputy Governor, Reserve Bank of India, Central Office, Mumbai.
- 2) Dr. Urjit Patel, Deputy Governor, Reserve Bank of India, Central Office, Mumbai.
- 3) Sri R. Gandhi, Deputy Governor, Reserve Bank of India, Central Office, Mumbai.
- 4) Sri S. S. Mundra, Deputy Governor, Reserve Bank of India, Central Office, Mumbai.

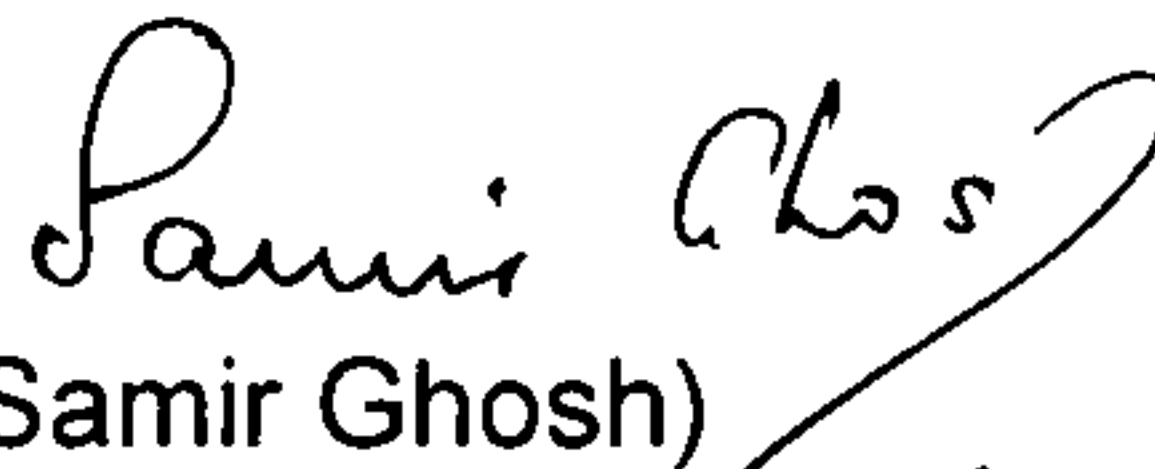
Sd/-
(Samir Ghosh)
General Secretary

No. GS.Spl. / 26 / 2015 of date.

Copy with enclosure forwarded to Sri R. L. Das, Chief General Manager-in-Charge, Human Resource Management Department, Reserve Bank of India, Central Office, Mumbai.

Sd/-
(Samir Ghosh)
General Secretary

Copy forwarded to units for information.


(Samir Ghosh)
General Secretary

Needed, real inclusion

The scope of the banking ombudsman system needs to be expanded to provide easier redress to small banking customers

India's poor as well as the middle class are quite happy with the banking system. If they have any complaints, these are resolved quickly and efficiently. This is the impression one gets from reading the Reserve Bank of India's latest annual report on the banking ombudsman scheme. The report states that the scheme — a free grievance redressal mechanism for small banking clients — handled as many as 82,052 complaints in 2013-14 and disposed of 96 per cent of them in a month. But delve into the details and the flaws in the scheme become evident. To start with, as much as 39 per cent of the complaints were lodged by customers from Delhi, Mumbai and Chennai. And a vast majority — 71 per cent — emanated from metro and urban centres. Given that rural and semi-urban areas house two-thirds of bank branches, their participation in the grievance redressal system is disproportionately small. Since there is no evidence to suggest that rural customers enjoy superior services compared to their more demanding urban peers, low complaint numbers are probably a result of customers being either unaware of the ombudsman scheme or having no easy access to it. The nature of complaints shows that the key pain points for banking customers are not tussles with loan recovery agents (just 0.4 per cent) or levy of charges (5.9 per cent), but those relating to credit/debit cards (24 per cent) and unfair banking practices (26.6 per cent). Customers had a litany of woes relating to plastic — unsolicited issue of cards, unauthorised bundling of insurance policies, loan offers over phone, skimming and fraudulent debits. They also complained about unfair practices relating to mis-selling of third party products and tall promises made by banking staff. This suggests that though banking personnel are supposed to adhere to a code of 'fair practices' and assess customer suitability before selling products, these rules are observed more in the breach. A final concern is that an inordinate number (31 per cent) of grievances were rejected by the ombudsmen because they fell outside the specific 'grounds' for complaints listed under the scheme. The redressal mechanism must dispense with a narrow list-based approach.

The findings in the report offer takeaways for both the Centre and the RBI. As the Centre pushes to extend banking services to ever larger numbers of the poor and the disadvantaged, it must not abdicate on its role in providing the supporting infrastructure and staff to handhold new banking clients and educate them about their basic financial rights and entitlements. As the RBI prepares to redraft customer protection rules for the banking sector, it may like to expand the scope of the ombudsman scheme to take a more principles-based approach. Taking a serious view of fair practice violations by banks and their staff as well as laying down stiffer penalties could result in a far better customer experience.