

BANKING SERVICES AND CONSUMERS

PRESENTED BY

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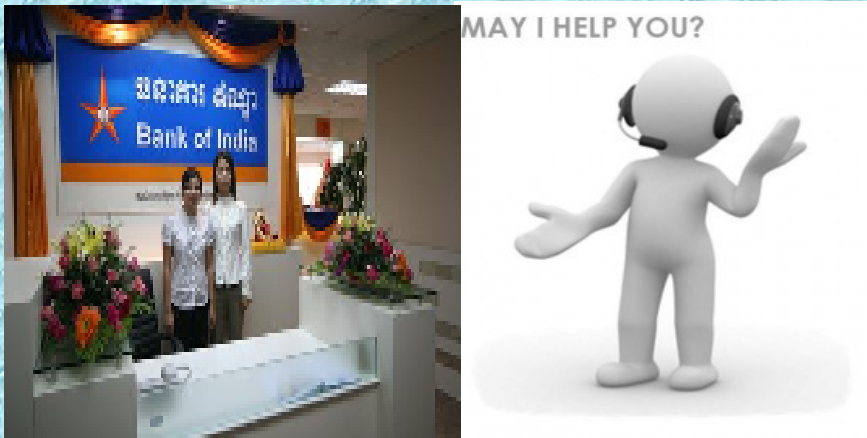
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OVERVIEW:

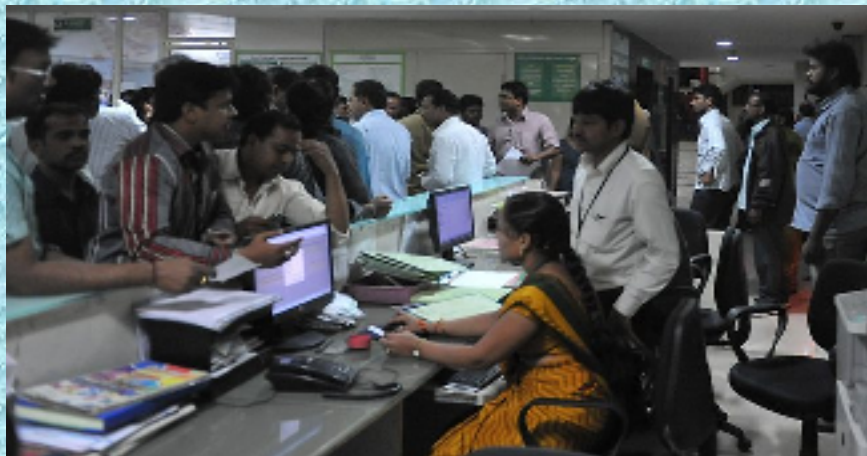
- 1. Duties of the banks for disclosure of information/details for benefits of the consumers.**
- 2. Duties of the banks towards the consumers for providing various services such as opening and operation of bank accounts, issue of cheques, term deposit accounts and lockers etc.**
- 3. Modes available to the consumers for redressal of their grievances.**
- 4. Rights of consumers on losses/ inconveniences arising on hacking of bank accounts, on-line frauds or mal-functioning of ATMs.**

DUTIES OF THE BANK TOWARDS THE CONSUMERS:

1. Customer support and Disclosure of Information:



A. All branches should have **“Enquiry”** or **“May I Help You”** counters either exclusively or combined with other duties, located near the entry point of the banking hall.



B. Time norms for specialized business transactions should be displayed **predominantly** in the banking hall.

C. Display of information on Notice Board:

The notice board of the branch shall provide information:

- ❖ To impart financial education among the consumers;**
- ❖ To enable the consumer to take informed decision on products and services;**
- ❖ To inform the consumers about their rights and also the obligations of the banks towards the consumers;**
- ❖ To disseminate information on public grievance redressal mechanisms.**
- ❖ To display various key features such as service charges, interest rates, services offered and products details etc.**

- D. Placing of booklet/brochure containing detailed information on all important products and services.**
- E. The detailed information of the Notice Board may also be made available on the bank's web-site.**
- F. Further there are certain information relating to service charges, fee and grievance redressal mechanisms which are to be compulsorily posted on the website of the bank.**

2. Opening / Operation of Bank Accounts:

A. Customer Identification Procedure:

Banks shall adhere to the RBI instructions on Know your customer (“KYC”) / Anti Money Laundering (“AML”) norms for opening and operation of bank accounts.

B. Intra-bank Deposit Accounts Portability:

KYC once done by one branch of the bank shall be valid for transfer of account from one branch to another within the bank.

C. Savings Bank Rules:

Many banks are now issuing statement of accounts in lieu of pass books, hence banks must annex the **Savings Bank Rules** as a tear-off portion to the Account Opening Form, so that the account holder can retain the rules.

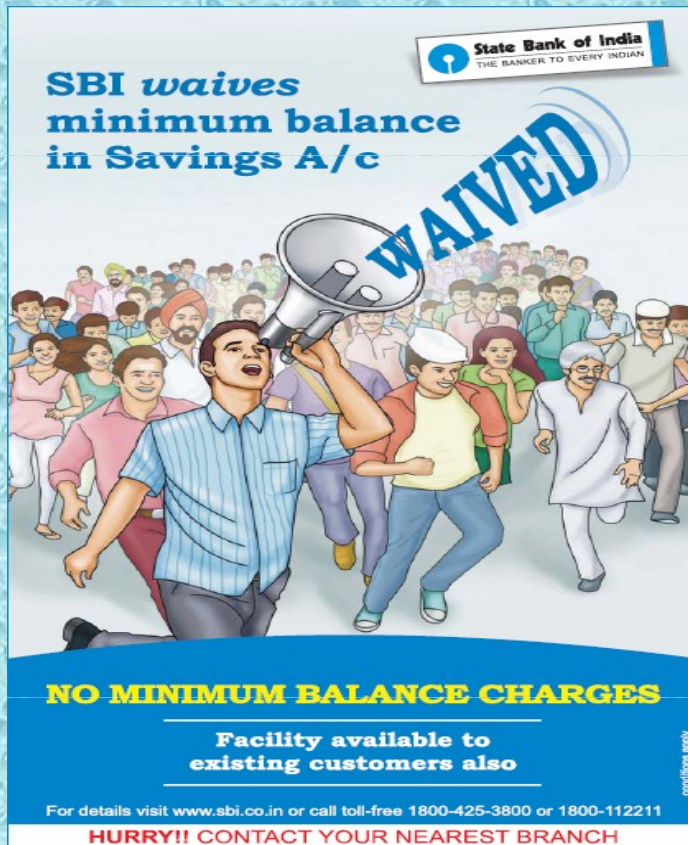
D. Photographs of depositors:

All account holders without exception including 'Pardanishin' women are required to submit photographs for opening/operating the bank account.

E. Minimum balance in savings bank accounts:

At the time of opening of the accounts, banks should inform the customers in a transparent manner about the requirement of maintaining minimum balance and charges, if any, for non maintenance of minimum balance.

Any change in charges should be informed, at least one month, in advance to the existing account holders.



State Bank of India
THE BANKER TO EVERY INDIAN

SBI waives minimum balance in Savings A/c

WAIVED

NO MINIMUM BALANCE CHARGES

Facility available to existing customers also

For details visit www.sbi.co.in or call toll-free 1800-425-3800 or 1800-112211

HURRY!! CONTACT YOUR NEAREST BRANCH

conditions apply

F. Issuance of Passbooks to Savings Bank Account holders (Individuals):

- ❖ **A passbook is a ready reckoner of all transactions carried out in the bank account.**
- ❖ **Passbook is very handy, compact and far more convenient to the small customers than statement of account.**
- ❖ **Some banks are issuing **ONLY** statements of account in paper or electronic mode, which is usually difficult to comprehend for common consumers.**

- ❖ **It is duty of the bank to invariably offer pass book facility to all its savings bank account holders and in case the bank offers the facility of statement of account and the customer chooses the same, the banks must issue monthly statement of accounts. The cost of providing Pass Book or Statement of Account should not be charged to the customers.**

G. Updating passbooks:

Passbook is to be updated promptly on presentation, however, if pass-book is retained for updating, because of large number of entries or otherwise, a paper token indicating the date of its receipt and also the date when it is to be collected should be issued to the customers.

H. Banks have been advised by RBI to ensure printing of address of the branch, Telephone Number, Magnetic Ink Character Recognition (MICR) code and Indian Financial System Code (IFSC) on passbook/statement of account.

3. Issue of cheques:

Writing the cheques in any language:

All cheque forms should be printed in Hindi and English. The customer may, however, write cheques in Hindi, English or in any regional language.

Dispatching the cheque book by courier ONLY:

Banks should ensure that cheque books are delivered over the counters on request to the customer or his authorized representative. Banks should not deny the cheque over the counter and insist on sending by courier.

Dating of cheques as per dates of Saka Samvat:

Government of India has accepted Saka Samvat as National Calendar and all Government orders, notifications and acts of Parliament bear dates as per Saka Samvat and Gregorian Calendar.

An instrument written in Hindi having date as per Saka Samvat calendar is a valid instrument and Banks are under obligation to accept such instruments.

4. Term Deposit Accounts :

A. Issue of term deposit receipt:

Banks shall issue term deposit receipts indicating therein full details, such as date of issue, period of deposit, due date, applicable rate of interest and date of maturity etc.

B. Transferability of term deposits:

Term deposits shall be freely transferable from one office of bank to another.

C. Disposal of deposits

Advance instructions from depositors for disposal of deposits on maturity may be obtained in the application form itself. Wherever such instructions are not obtained, banks should ensure sending of intimation of due date of maturity well in advance to the customer.

D. Premature withdrawal of term deposits:

A bank, on request from the depositor, shall allow withdrawal of term deposit before completion of term agreed at the time of making the deposit. However bank may impose penalty for premature withdrawal of term deposits.

E. Repayment of Term/Fixed Deposits in banks:

Some banks insist on the signatures of both the depositors when deposit account is opened with operating instructions 'Either or Survivor' or 'Former or Survivor'.

Situation-1: If both depositors are alive on the date of maturity.

The signatures of both depositors need not to be obtained for payment of the amount on maturity of term deposits.

Situation-2: If term deposits are to be redeemed prematurely.

The signatures of both the depositors are required to be obtained for pre-mature redemption of term deposits.

Situation-3: If one of depositor expires and other wants to redeem deposits prematurely.

If one of the depositors expires before the maturity, no pre-payment of the term deposit shall be allowed without the concurrence of the legal heirs of the deceased joint holder.

Situation-4: If one of depositor expires and term deposit is redeemed after specified period.

The payment shall be made to the survivor on maturity.

F. Renewal of Overdue deposits

Bank should inform the customer about T&C of renewal including interest rates at the time of acceptance of deposit.

G. Addition or deletion of the name/s in joint accounts:

A bank may, on the request of all the joint account holders, allow the addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder.

A bank may, at its discretion, and on the request of all the joint account holders, allow the splitting up of the joint deposits in the name of each of the joint account holders.

5. Acceptance of cash over the counter:

Some banks insist that cash deposits, if any, are required to be done through ATMs or cash deposit machines.

Further many banks incorporate clauses in the T&C restricting deposit of cash over the counters. **This condition of the banks amounts to an unfair practice. Hence, banks can not deny acceptance of cash over the counters from the customers who desire to deposit cash at the counters.**



6. Opening of accounts in the name of minors with mothers as guardian:



RBI has allowed opening of bank account in the names of minors, with mothers as their guardians and instructed banks to open bank accounts with certain safe guards.

The banks were reluctant to accept the mother as a guardian of a minor while father is alive in view of section 6 of the Hindu Minority and Guardianship Act, 1956, which stipulates that the father shall be the guardian of the minor child.

7. Reconciliation of transactions due to malfunctioning ATMs

Issues:

There are large number of incidents regarding debit of amount in the bank accounts even though the ATMs have not disbursed cash for various reasons.

Banks take considerable time in reimbursing the amounts involved in such failed transactions to card holders.

In many cases, the time taken to reconcile the account extend to 45-60 days.

Directions of RBI:

The time limit for resolution of customer complaints by the issuing banks is 7 working days from the date of receipt of customer complaint.

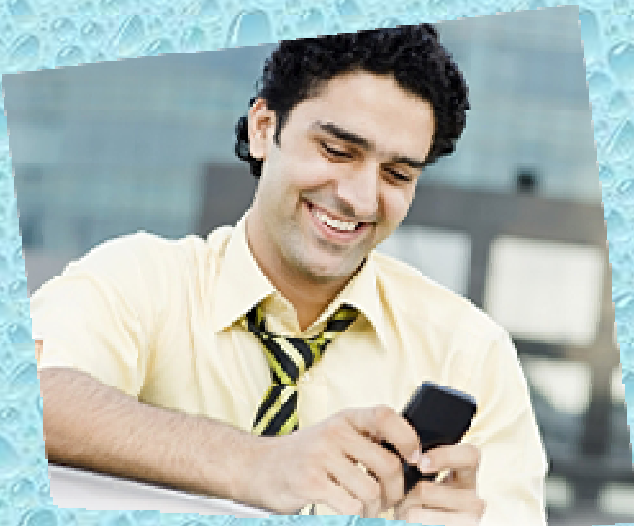
Failure to re-credit the customer's account within 7 working days of receipt of the complaint, the issuing bank shall be liable to make payment of compensation to the customer @ Rs.100/- per day.

A customer is entitled to receive such compensation for delay, only if the claim is lodged with the issuing bank within 30 days of the date of the transaction.

8. Security Issues and Risk mitigation measures- for credit/debit card transactions



Pin Validation is compulsory for every successive transaction at ATMs.



Online/SMS alerts are to be sent to cardholders for usage of credit/debit cards.

9. Security Issues and Risk mitigation measures related to Card Not Present (CNP) transactions

Banks are required to put in place **additional factors** of authentication based on information not visible on the cards for all on-line **Card not Present (CNP) transactions** by Interactive Voice Response (IVR), Mail Order Telephone Order(MOTO) and Standing Instructions (SI).

In the case of MOTO and SI transactions, in case the customer complaint for losses/damages, **if any, arising because of transactions effected without the additional factors** of authentication, the issuer bank has to reimburse the losses to the customer without demur.

10. Home Loans-Levy of fore-closure charges/pre-payment penalty

Banks are not be permitted to levy foreclosure charges or pre-payment penalties on pre-payment of home loan before the agreed term of loan.

11. Service at the counters:

The branch managers and other supervising officials shall ensure that the members of the staff are available at their counters right from the commencement of banking hours and throughout the prescribed business hours to insure uninterrupted service to the customers.

All the customers entering the banking hall before the close of business hours shall be attended by the Banks.

12. Operation of bank a/c by sick / old / incapacitated account holders:

In case of sick/old/incapacitated account holder, who can neither sign the cheque/withdrawal form nor physically present himself at the bank for withdrawal of money from the bank account, he can put his thumb or toe impression on the cheque/withdrawal form for withdrawal of money, however it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.

13. Remittance of Funds of Rs. 50,000/- and above

Remittance of funds by way of demand drafts/mail transfers / telegraphic transfers or any other mode and issue of travelers cheque for value of ` Rs.50,000 /- and above shall be effected **only** by debit to the customer's account or against cheque or other instrument tendered by the purchaser **but not against cash payment.**

14. Issue of Demand Drafts

The demand drafts of Rs. 20,000/- and above are to be issued invariably with account payee crossing.

A draft should be uniformly valid for a period of three months.

Banks shall issue the drafts of small amounts against cash to all customers irrespective of the fact whether they are having accounts with the banks or not.

The demand drafts drawn on a branch shall be paid immediately. Payment of draft can not be refused for the reason that relative advice has not been received by paying branch.

Issue of Duplicate Draft and Payment of Interest:

Duplicate draft, in lieu of lost draft up to and including Rs. 5,000/- shall be immediately issued to the purchaser on the basis of adequate indemnity and without insistence on seeking non payment advice from paying branch.

Banks in other cases should issue duplicate Demand Draft to the customer **within a fortnight from the receipt of such request.**

Further, for the delay beyond stipulated period, banks are required to **pay interest at applicable rate for fixed deposit of corresponding maturity in order to compensate the customer for such delay.**

15. Cheque Drop Box Facility

Facilities for drop box and acknowledgement of the cheques at regular collection counters should be available to the customers.

No branch can refuse to give an acknowledgement, if the customer tenders the cheque at the bank counter.

Banks shall ensure that customers are not compelled to drop the cheques in the drop box.

Banks shall invariably display on the cheque drop-box itself that "Customers can also tender the cheques at the counter and obtain acknowledgment on the pay-in-slips".



17. Linking of Allotment of Lockers to placement of Fixed Deposits:

The linking the lockers facility with placement of fixed deposits of high amount is prohibited, however to ensure prompt payment of locker rent, banks may at the time of allotment, obtain a Fixed Deposit for an amount to cover 3 years rent and the charges for breaking open the locker in case of an eventuality.

In case of waiting for the lockers, names of all applicants must be registered in a register transparently.

One copy of agreement for locker should be provided to the customer.

Redressal of grievances

A. Solution at Bank Level:

1. Putting the complaint in complaints/suggestions box at the branch.
2. Writing the complaint in complaint register at the branch.
3. Submission of online complaint form with the customer care.
4. Registration of complaint thorough telephone/mobile.
5. Writing to the nodal officer of the bank for redressal of grievances.

- 6. Complainant should always ask for acknowledgement of the complaint or note the complaint number of the complaint made online or thorough telephone/mobile.**
- 7. The complaint should be addressed by the bank within 30 days of receipt of the complaint.**

If no response is received from bank within 30 days of your complaint or complaint has been rejected by bank or complainant is not satisfied with the response of the bank, the complainant may prefer filing of complaint with Banking Ombudsman.

The complaint to the Banking Ombudsman can be made simply by writing on a plain paper. One can also file it online.

B. The complaint against bank can also be filed at Consumer Forum or State Consumer Commission depending upon the claimed amount.

C. A customer can also approach to civil court for redressal of grievances.

Hacking or compromising of bank account and online transfer of amount.

Large number of cases are emerging where gullible customer's account is hacked and amount from the bank account is transferred .

Common Reasons:

1. Pass word and login ID compromised by the account holder.
2. Pass word and login ID obtained online by hackers.
3. The pass word and login ID compromised by the bank officials negligently.
4. The pass word and login ID compromised by the bank official in collusion with the others.



Immediate complaint should be lodged with bank about such hacking with complete details of losses, if any.

Matter can also be reported to Police for criminal investigation.

If there is no response from the bank, matter should be taken up with Adjudicating officer appointed U/s 46 of IT Act, 2000.

PLEASE NOTE THAT ADJUDICATING OFFICER HAS EXCLUSIVE JURISDICTION TO DECIDE THE MATTERS OF CLAIM AND INJURY UP TO RS. 5 CRORE I.E. NO CASE CAN BE FILED IN CIVIL COURT.

THE MATTERS OF CLAIM AND INJURY EXCEEDING RS. 5 CRORE SHALL BE TRIED IN COURT OF COMPETENT JURISDICTION.

Thank you

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