

*Rights & Responsibilities of  
banks and their customers*

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## *Customer Service - Overarching Principles*

- *'Banks exist because of customers'* – they lend customers' deposits with a margin
- Treating customers fairly –transparency  
reasonableness, simple and clear  
documentation, educating customers
- Treating bankers fairly- become aware and  
financially literate, borrow responsibly, use  
products prudently

# *Customer Protection - Our Approach*

- **Code of conduct - principle of self regulation - Role of BCSBI**
- **RBI regulations - master circulars - dissemination through website -**  
<http://www.rbi.org.in/commonman/English/Scripts/Notification.aspx>  
[http://rbi.org.in/scripts/BS\\_ViewMasterCirculardetails.aspx](http://rbi.org.in/scripts/BS_ViewMasterCirculardetails.aspx)
- **Complaint redressal machinery at branch , Nodal office, Head office**
- **BO's Offices; Customer Service Dept., RBI**

# *Interest rate related complaints*

## **Bank's responsibility**

- **Explain these in writing; give examples**
  - How is interest calculated?
  - Fixed interest - what is the reset clause?
  - Floating rate - what is the benchmark used?
- **Clearly state terms/conditions in loan document**

## **Customer's responsibility**

- **Read before you sign!**
- **Do not ignore your doubts - Get them clarified**
- **Never sign blank documents**
- **If DSAs have contacted you, check with the bank**

# *Penal Interest*

## **Bank's responsibility**

- **Explain clearly**
  - when penal interest will be levied
  - Concept of service charges when penal interest is levied

## **Customer's responsibility**

- **Remember**
  - Defaults/delayed payments, cheque returns etc. attract penal interest and service charges
  - Funds need to be set aside for repayment of loan on due dates
- **Seek bank's advice, if in difficulty**

# *Service Charges*

## **Bank's responsibility**

- **Display service charges**
- **Extend concessional rates to special category persons**
- **Have a cap on all charges, incl. interest rates & penal charges**
- **Inform customers of changes; offer option to discontinue facility**

## **Customer's responsibility**

- **Read all the material sent to you by the bank**
- **Remember**
  - **banks have freedom to set interest rates/service charges**
  - **you have option to choose the bank which offers best rate**
- **Compare rates - make informed choice**

# *Loan Documents; Return of Securities*

## **Bank's responsibility**

- **Give customer a complete set of loan agreements and enclosures at time of sanction /disbursement**
- **Return the securities as soon as the loan is repaid**

## **Customer's responsibility**

- **Get a complete set of loan documents from banker**
- **Read the MITC- Most Important Terms and Conditions**
- **Get securities back, as soon as loan is repaid**

# *Recovery of Bank Dues*

## **Bank's responsibility**

- **Place list of recovery agents on web site**
- **Train & sensitize recovery agents**
- **Ensure recovery agents follow code of conduct**
- **Record all conversations with customers**

## **Customer's responsibility**

- **Remember :**
  - **All loans have to be repaid**
  - **Not to borrow beyond your repaying capability**
  - **Conversation you have with the recovery agent is recorded**
- **Seek assistance of your bank if in problem**



# *Insurance linked products*

## **Bank's responsibility**

- **Avoid offering 'bundled' products**
- **Explain and get explicit written consent**
- **Ensure Insurance policy is obtained & active**

## **Customer's responsibility**

- **Understand components of your loan product**
- **If insurance is part of it, ensure policy is in force**

# *Credit cards*

## **Bank's responsibility**

- **Do not issue unsolicited cards - if activated & charged, pay prescribed compensation without demur.**
- **Do not issue unsolicited products on cards**
- **If DSAs are sourcing credit card, ensure card holder has signed & understands his responsibility**
- **Delivery of Cards & PINs only to person concerned**
- **Stop lost cards immediately on report of loss**
- **Consider insurance on lost cards**
- **Send statements on time; use e-statements, SMS alerts etc to keep the card holder informed of payments, due dates etc**

# *Credit Cards*

## **Customer's responsibility**

- **Keep your credit card safely**
- **Be present when card is used by merchant estab.**
- **Do not use public computers for internet purchase through credit cards**
- **Keep credit card number & help line detail handy**
- **Report immediately loss of card**
- **Opt for card statements by email or / and SMS**
- **If you do not want a card, cut it and send it back to the credit card issuing authority**

# *ATMs*

## **Bank's responsibility**

- **Ensure ATMs are in working mode at all times**
- **Have CCTV in all ATMs**
- **Check audit trails periodically**
- **Check cash handling processes and procedures**
- **Check for quality of notes stacked in the ATMs**

## **Customers' responsibility**

- **Keep ATM cards safely**
- **Do not keep the PIN with the Card**
- **Inform discrepancy immediately, if possible with the witness of the security guard**

# *Cheque Drop Facility*

## **Bank's responsibility**

- **Remember - Cheque drop facility is only an alternate mode of cheque collection**
- **Box should bear legend indicating that it is an alternate mode and that customers can get acknowledgement if required**
- **Install automatic cheque acknowledging machines which give receipt on dropping the cheque**

## **Customer's responsibility**

- **Insist & obtain acknowledgment for cheques if you want them**

# *TDS*

## **Bank's responsibility**

- **Apprise account holders, specially senior citizens - need to submit 15G/15H forms, if tax is not to be deducted**
- **TDS certificate is to be issued immediately to the account holder in person or by post**

## **Customer's responsibility**

- **Remember:**
  - **TDS is bank's statutory obligation**
  - **If you are not an income tax assess; give 15G/15H form to the bank**
  - **If you failed to keep your bank informed & TDS has been deducted, than claim refund from Tax authorities and not the bank**

# *Cheque Collection*

## **Bank's responsibility**

- **Display bank's cheque collection policy**
- **Adhere to the displayed policy**
- **Levy charges as per RBI stipulations**
- **Compensate customer without waiting for request for any delay**

## **Customer's responsibility**

- **Read the cheque collection policy**
- **Insist & obtain admissible compensation for delay**

# *Some quotes for banks to ponder!*

*“Customer service is not a department, it's an attitude!”*

*“Customers don't expect you to be perfect. They do expect you to fix things when they go wrong”*

*“If we don't take care of our customers, someone else will!”*

