

RBI Customer Service Committee Report- April 2023- Major Recommendations

4.1 Strengthening Regulation:

4.1.1 RBI may progressively move towards “principle-based” regulation with regard to customer service based on customer friendly principles including Equitable and Fair Treatment, Transparency and Disclosures, Appropriateness and Suitability, Data Protection/ Customer Confidentiality, Right to Grievance Redress etc. [3.2.1.1]

4.1.2 RBI may put in place a suitable structure of incentives and disincentives to encourage REs to take proactive steps towards enterprise-wide improvements in customer service and impart systemic strength to overall customer protection efforts in the financial sector while imposing a regulatory cost for entities where the quality of customer service is deficient. [3.2.2.1]

4.1.3 RBI may consider making the Charter of Customer Rights enforceable after reviewing and updating it. RBI may consider extending the Charter to Non-Banking Financial Companies (NBFCs) also. [3.2.3.1]

4.1.4 The customer service regulation should be consolidated on the principle of same activity same regulation and apply to all the REs depending upon the activity being undertaken by them, irrespective of the category of the REs. [3.2.4.1]

4.1.5 With a view to ensure that there is uniformity in classifying, recording and reporting of complaints by the REs, RBI should lay down a definition of a complaint under the IGR mechanism which should also capture the complaints which are outside the purview of RB-IOs. An indicative definition could be: “Any reference received formally through electronic or paper mode flagging a “deficiency in service”, as defined in RB-IOs, pertaining to all the activities which the RE undertakes and services it offers.” [3.3.1.1]

4.1.6 The RBI Ombudsmen (RBIOs) should be empowered, based on the facts or a set of similar complaints, to direct the RE concerned to review and undertake suitable corrective action in all such cases and confirm compliance to RBI. Being the focal department for Customer Service, Consumer Education and Protection Department (CEPD), may also be empowered to direct all REs to initiate corrective action in such cases, if the deficiency in service, in its view, is widely prevalent. [3.3.3.1]

4.1.7 RBI may develop and publish a “Customer Service and Protection Index” with a view to capture, at the system level, the quality/ standards of customer service and extent of customer protection in the REs through a single score. The Index may cover dimensions like adequacy of regulatory and institutional framework in place, customer experience, efficacy of grievance redress, under both IGR and AGR, extent of customer education and awareness, etc. [3.3.4.1]

4.1.8 RBI should assess the quality of customer service through periodic and regular thematic studies across the REs to ensure better compliance to the customer service guidelines. The findings should feed suitably into the framework to improve IGR and the proposed ratings of REs. [3.3.5.1]

4.1.9 RBI, during the supervisory process, should take a view on the reasonableness of charges levied by REs for the services offered. [3.3.6.1]

4.1.10 In order to address the conflict of interests, and to increase the effectiveness of the Internal Ombudsmen (IO) appointed in the REs, RBI may nudge the Indian Banks’ Association (IBA) to create a fund to directly pay the salary / compensation to the IOs of the banks. Similar funds can be created by respective Self-Regulatory Organisations (SROs) for other categories of REs. Alternatively, RBI itself may consider creating the fund. Cost of the above fund, thus created, may be recovered from the REs, in proportion to the complaints against them referred to the IOs. [3.3.7.1]

4.1.11 An RE - agnostic common portal for lodging complaints may be set up by RBI so that the customers of any RE can lodge complaints on a single platform. The portal may allocate the complaints to respective REs, enable facility for tracking of the complaints by the complainant and for automatic escalation of rejected complaints to the IOs. Going forward, RBI may also consider integrating this platform with its Complaint Management System (CMS) portal to provide for seamless transfer and movement of complaints and data. [3.3.8.1]

4.2 Improving customer service in REs

4.2.1 Indian Banks’ Association (IBA) may update its Model Operating Procedure (MOP), in line with regulation, for hassle-free settlement of claims in accounts of the deceased account holders, in various scenarios. The MOP may provide for the documents required to be submitted by the claimant. In case nomination exists, the proceeds may be released immediately, upon submission of the required documents. [4.4.1.1]

RBI Customer Service Committee Report- April 2023- Major Recommendations

4.2.2 Obtaining nomination in deposit accounts may be made mandatory to facilitate hassle-free settlement of claims in case of death of the account holder. Several existing accounts do not have nominations at present. The REs should be asked to obtain nominations in all such cases within a reasonable time period, say three years. [4.4.1.2]

4.2.3 To obviate the need for visits to the branches / RE premises, by the nominee/ heirs, the process for settling deceased claims may also be made available on-line. The on-line facility may provide for submission of all the required documents and their verification. A system of generating digital reference number upon submission of the claim and supportive documents may be made available. The claims may be settled within a reasonable time period, say 30 days from the date of submission of all necessary documents. The timeframe should also apply when the claims are physically submitted. Beyond 30 days, the REs may be required to pay interest at a rate, say two percent higher than the rate at which the deceased person's deposit was held. [4.4.1.3]

4.2.4 While the REs should take necessary steps to periodically update KYC, it must be ensured that operations in the account are not stopped. [4.4.2.1]

4.2.5 The RE should maintain a centralised database of Know Your Customer (KYC) documents of all customers, linked to a unique customer identifier, say the Customer Information File (CIF), obviating the need for submitting KYC documents repeatedly for availing multiple facilities from the same RE. Whenever KYC documents are updated by the customer, the same should be reflected for all other facilities availed by the customer from the RE. [4.4.3.1]

4.2.6 The REs may adopt a nuanced approach for risk categorization of the customers. For example, salary earners with inflows and outflows consistent with the customer's profile need not necessarily be categorised as high risk, even though they may be "high net worth" individuals. Similarly, students can also be categorized as low - risk. [4.4.4.1]

4.2.7 The responsibility for obtaining and renewing the insurance of the primary asset may be an unequivocal responsibility of one of the parties to the agreement, viz., the borrower or the RE, and clearly indicated in the Key Facts Statement / Most Important Terms and Conditions document. [4.5.2.1]

4.2.8 RBI may consider stipulating a time limit for the REs to return the property documents to the borrower from the date of closure of the loan account, failing which a penalty / compensation linked to the extent of delay should automatically be paid by the RE to the borrower. [4.5.3.1]

4.2.9 In case of loss of property documents, the RE should not only be obligated to assist in obtaining certified registered copies of documents at their cost but also compensate the customer adequately, keeping in view the time taken to arrange the alternate copies of the documents. [4.5.3.2]

4.2.10 REs may provide an option for the relatives of the senior citizens to pay upfront for the door-step services as well as other such conveniences, if any, to be availed by their elders. [4.6.3.1]

4.2.11 The pensioners should be able to submit Life Certificate (LC) at any branch of the bank in which they maintain their pension account. Moreover, they should be allowed to submit LC in any month of their choice to avoid rush in a particular month. Subsequent LCs can be submitted in the same month at annual intervals. [4.6.4.1]

4.2.12 Compensating the customer in case of any injury suffered while availing services at the premises of the RE, due to inadequate / faulty infrastructure, and bearing the medical expenses, if any, should be a part of customer policy of the RE. The REs should take adequate insurance cover for such eventualities, and the customer and staff should be made aware of the same. [4.7.1.1]

4.2.13 Cross selling of third - party products by the sales team of the RE should be subject to verification by the audit function to ensure that there was no mis-selling and all instructions / guidelines with respect to sale of such products were adhered to. [4.7.2.1]

4.2.14 Till the recommendation for a common complaint portal (para 3.3.8.1) is put in place, the REs should have a system to enable the complainant to track the progress in processing of the complaint. The expected time for resolution of the complaint should invariably be communicated to the complainant. If the Turn Around Time (TAT) for resolution is exceeded, the same should be communicated to the complainant, indicating reasons for the delay. [4.8.1.2]

RBI Customer Service Committee Report- April 2023- Major Recommendations

4.2.15 Customer-facing staff and officers should undergo mandatory training in soft skills to reduce instances of misbehaviour by the errant staff / officers. Adequate knowledge and in-depth understanding of the internal guidelines and the regulatory instructions must be an essential requirement for posting employees in IGR-related positions. [4.8.2.1]

4.3 Leveraging Technology for better service delivery:

4.3.1 REs may use contextual data as an integral part of their Customer Service Strategy. They should use Customer Relationship Management (CRM) technology to collect customer-related information to create a detailed profile of the customer. These can be stored within a central repository in the CRM, enabling more informed decisions such as developing targeted customer awareness campaigns, upselling, and offering ancillary products. [5.2.1.1]

4.3.2 Leveraging Conversational Artificial Intelligence (AI), REs should integrate and personalize ChatBots into mobile apps or websites to answer frequently asked questions and get answers anytime, anywhere. ChatBots may also be provided in multiple languages for vernacular customer base. [5.2.1.2]

4.3.3 REs should look at designing a frictionless journey using Straight Through Processing (STP). They may expand digitisation of branches with paperless journeys and self-help kiosks, enabling customers to carry out faster transactions. [5.2.1.3.2]

4.3.4 Video based Customer Identification Process (V - CIP), an alternate method of customer identification with facial recognition and customer due diligence by an authorised official of the RE by undertaking seamless, secure, live, informed-consent based audio-visual interaction with the customer to obtain identification information required for Customer Due Diligence (CDD) purpose, may be increasingly used. [5.2.1.3.3]

4.3.5 There is a need for standardisation of ATM interface and ensure a minimum set of functionalities at the ATM by all banks / White Label ATM (WLA) operators. For meeting the needs of physically challenged, senior citizens and those who are not tech-savvy, etc., extra care may be provided by deploying 'text to speech' software, ChatBots, multi-language supporting software. [5.2.2]

4.3.6 Proper messages should be displayed in respect of unsuccessful OFF - US ATM transactions, so that the customer can identify the exact reason why she is not able to undertake transaction / ascertain the status of the transaction. [5.2.3]

4.3.7 REs may design and deploy safer means of second factor authentication. In this regard, biometric sensors on smartphones such as face / fingerprint / iris scanners can replace physical signatures to make physical presence no longer obligatory. Such integration can also help senior citizens avail banking services with greater ease. Further, such phone-based scanners can augment the OTP based authentication system as an additional factor of authentication and help in reducing frauds. [5.3.3.2]

4.3.8 REs may provide alerts to customers during "teachable moments". For example, warnings against sharing of credentials. [5.3.3.3]

4.3.9 On-line facility be made available on the Indian Cybercrime Reporting Portal for registering complaints by members of public in respect of fraudulent transactions. The complaint should trigger an automated alert mail from the victim's bank to beneficiary bank / card issuer / merchants for blocking the flow of funds. The beneficiary bank should immediately block equivalent amount in the account till detailed verification of the reported transaction in the complaint is completed. In case of merchants, sale / dispatch of merchandise should be kept on hold. All these may be implemented as STP, to the extent possible. [5.3.4.1]

4.3.10 The Call Centre of REs may be designed with a dedicated IVRS flow, sharing the important 'do's and don'ts' with the customer, based on the customer profile / queries, including provision of in-house financial advisors for complex queries or sophisticated customers. An automated call back feature in Call Centre, when a call is dropped mid-way, need to be provided. Option to speak to the customer care executive should be part of all menu options. [5.5.1.2]

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