

**Report of the Committee on Customer Service in Banks (Damodaran Committee)-
List of 77 recommendations having broad consensus and being taken up for initial implementation
IBA Letter Dt. 28.11.2011**

S.N.	Para	Committee's Recommendation
	A	Customer Service in Banks
	A.1	Deposit Accounts
1.	A.1.i	Bundling of Products - The customers had expressed a desire to pay only for the product they use, would prefer plain vanilla products and are distinctly unhappy paying for an entire bundle, most of which, they feel they would never use. The banks should be in a position to design products suiting the requirements rather than forcing upon the bundled products on the customers.
2.	A.1.ii.d	The name of the payee as well as instrument number in case of debit entries and the name of payee bank / drawer of instrument as well as instrument number in case of credit entries should be provided by the banks in the Passbooks / Statement of accounts.
3.	A.1.ii.e	Instead of recording separately gross interest credited and TDS debited, some banks record only one figure of net interest credited. Details of such gross interest credited and TDS debited should be explicitly mentioned in the TDS Statement.
4.	A.1.vii a	Uniform Account Opening Forms- As customer relocation is possible and common these days IBA should standardise the Account Opening Form (AOF) common to all banks, similar to formats available for loans & advances.
5.	b	Additional information required for individual banks may be obtained in the Annexure to AOF which should contain detailed checklist of documents to be submitted by the customer and this check-list should also be available in the websites of IBA, RBI and all Banks.
6.	c	Account Number Portability: Customer should also be allowed to maintain the same account number in a bank even when he / she moves to another city or shifts his account to another branch in the same city.
7.	A.1.viii a	KYC Norms- KYC for additional accounts opened in the same bank should have relaxed conditions and there should not be a repeat exercise.
8.	A.1.ix	Linking Terms and Conditions of various Products to CBS - All products like PPF or any future products introduced for specific segments, say senior citizens, which are provided on an agency basis by banks should have all their terms and conditions properly integrated into the CBS.
9.	A.1.x	Renewal Notices for Term Deposits - The term deposit renewal notices should be sent to customers preferably in electronic form to enable them to decide the renewal terms. Statement of all deposit accounts in summary form giving details like principal amount, maturity value, maturity dates, rate of interest, annualised interest yield etc. should also be provided by banks. Further, the banks should not auto-renew the deposit accounts without customer consent in writing.
10.	A.3 A.3.i	Loans and Advances Pricing and Non-pricing Terms and Conditions of Loans - All pricing and non-pricing terms and conditions of loans should be in strict conformity with the Regulatory Guidelines, and correctly capture the risks involved and the rating of the borrowers concerned individually or as a class. Regulation should ensure that customers clearly understand the

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		pricing policies of banks, and the Supervision should ensure strict compliance of a bank with the Regulatory Guidelines regarding pricing and non-pricing terms governing all loans.
11.	A.3.ii.	The CBS software should be so enabled so as to provide the following-Provision to apply for Retail loan should be available in bank's portal and Internet Banking. Tracking of Loan Proposal status should also be made available.
12.		Reason for Penal Interest on Loan accounts, Rate of Interest charged in Loan accounts, etc. should be mentioned in Passbook/Statement of Account.
13.		Housing Loan Interest Certificate / Education Loan Interest Certificates are required for Income Tax purpose by the borrowers every year. CBS software should be enabled to generate / issue such certificates in respect of all Housing Loan and Educational Loan customers in the month of April every year.
14.	A.3.iv	Loan Statement- Banks must ensure that loan statements are issued to the borrowers periodically giving details of loan disbursed, demands and repayments effected along with interest and details of charges.
15.	A.3.v	Loan Documents- Borrower should be made aware upfront about various documents required to be produced for processing of loan application, instead of in piecemeal.
16.		<input type="checkbox"/> Banks should automatically provide annual account statement to home loan customers without request from them. Such statements must contain details of payment made towards principal and interest including principal outstanding.
17.	A.3.x	The title deeds should be returned to the customers within a period of 15 days after the loan closure and the Boards of banks should put in place a suitable compensatory policy to compensate the customer for delayed return of title deeds or where there is a loss of title deeds in the custody of the banks.
18.	A.3.xiii	Switch Over to Base Rate - Banks may bring the possibility of switch over to Base Rate to the notice of all concerned borrowers as envisaged in RBI Circular in this matter and also explain the benefits of switchover.
	A.4	Special Customers
19.	A.4.i	Pensioners and Other Senior Citizens <input type="checkbox"/> There should be prioritized service to senior citizens, physically handicapped persons by effective crowd / people management available at all branches.
20.	A.4.ii	Customers in Rural and Semi urban Areas <input type="checkbox"/> Banks should ensure proper currency exchange facilities and also the quality of notes in circulation in rural areas.
21.		<input type="checkbox"/> It should be ensured that the branches are opened as per the schedule times and operating them for the full hours.
22.	A.4.iii	SHGs ❖ SHG members should not be forced to take insurance products.
23.		❖ Multiplicity of loans to the same borrowers through MFIs should be avoided as the same results in poor recovery by SHGs.
24.		❖ Banks can provide loans to SHGs in tranches. However, the same should take into account the business requirements of the SHG rather than depending solely on the repayment made by the SHGs.
25.	A.4.iv	Tribal Areas / North-East ❖ The business correspondent / facilitator model should be completely used for improving the banking facilities in the tribal areas.
26.		❖ Banks should ensure that at least one of the staff members in the branches in tribal areas is conversant with local language.

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27.		❖ Financial education material in pictorial form and audio presentations in local dialect should be used in Tribal areas.
28.		❖ Prominent citizens belonging to important Tribes of the region could also be considered for appointment as BC.
29.		❖ The RBI and Government must look at providing positive impetus to staff transfers and postings to the region so that achievement of banking / financial inclusion becomes a reality. Further, the staff so selected and posted must also focus on local talent building and development.
30.		❖ The SHG should go a long way in furthering the cause of financial inclusion in the region. The banks should facilitate the same opening the accounts for the SHGs in the region.
31.		❖ Improvement is required in provision of RTGS / NEFT facility to the customers from the region.
32.		❖ Banks must recognise the socio-economic importance of funding the projects, while playing by the rules, and not harshly interpret and implement the sectoral exposure caps.
33.	A.5	INSTITUTIONAL ARRANGEMENTS: a. The awareness about the BCSBI Codes even after five years since the incorporation of BCSBI has not penetrated to the desired level and banks need to make every effort in that direction. A full and proper implementation of the Codes is an important and urgent requirement to fulfill the commitment made to the bank customers.
34.		d. The banks should train and familiarise all the staff in following and implementing the Codes.
35.		e. A commitment and close monitoring by the CEOs as well as the Board of Directors of all banks should be ensured for proper and effective implementation of provisions of Codes in letter and in spirit at the grass root level.
36.		h. Every bank Board should evolve a policy which ensures fair treatment to customers in all their dealings with the banks.
37.	A.6.	CUSTOMER EDUCATION: (i) Special efforts are required to educate the customers in the use of technology in banking. Banks should make use of Print media, Television, All India Radio for this purpose. Short training programmes at the branch level can also be arranged for the customers.
38.		(ii) Banks should ensure full transparency to the customer in levying of various fees / service charges and penalties.
39.		(iii) Banks should establish a proper Customer Grievance / Assistance Centre which works in an integrated manner across channels like - branches, call centres, IVR, internet and mobile. The personnel in the Call centres who receive the grievances should be empowered to make decisions.
40.		(iv) Use of various technology channels for customer education and gathering suggestion for improving service should be made.
41.		(v) All banks should implement a relevant Customer Relationship Management system to capture and track customer issues and complaints.
42.		(vi) Branches should be provided with dedicated phones / computers with internet connection so that customers can avail themselves of the facilities such as Call Centre, Internet Banking and Phone Banking at the branch itself.
43.		(vii) For imparting customer education participation from all the concerned players is

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		necessary. In this regard, Lead banks should involve customer associations, consumer organisations in revisiting/ evolving strategy for imparting customer education.
	A.8	Other Aspects
44.		❖ The banks must have a well defined policy that sets out their approach to Customer Care. This also must take into account the human resources angle starting from the recruitment process to take care of attitudinal aspects.
45.		❖ The staff manning positions in Customer Service Departments in banks should receive specialised training so that customer complaints are professionally handled and there is no cause of customer dissatisfaction.
46.		❖ Banks in North Eastern region may explore a possibility of ensuring backup of alternate sources of energy for supply of power for ATM machines so as to ensure continuous service to the customers.
47.		❖ The layout of the branch premises and the people manning it play an important role in motivating a customer with positive thoughts. The needs of the senior citizens and the physically challenged persons must also be an important input in deciding on the branch locale and its access.
48.		❖ There must be specific and proper queue management system at branches where there is heavy crowd, with basic facilities of seating arrangements, drinking water etc.
49.		❖ There must be a completely transparent process in the allocation of locker facility.
50.		❖ Banks have to reconcile certain issues regarding 'one-man' branches by putting in place proper safeguards which ensure 'four eyes' principle, safety of cash, and also continuity of services in case of leave, etc.
51.		❖ Exchange facilities for soiled/torn notes is a right of every citizen using such facilities and RBI, through its agents, should ensure that no holder of sovereign currency note is turned away at a bank counter when exchange facility is desired, irrespective of the person tendering the note is a customer or not. All banks should implement the Citizen's Charter on exchange facilities of notes and coins adopted by the Department of Currency Management, RBI.
52.		❖ There should be an auto-closure of Guarantees after a month of expiry of the Guarantee which would facilitate automatic release of the margin money. Auto closure notice should also be sent to the beneficiary.
53.		❖ All exchange facilities of notes and coins should be extended free of charge.
	B	TECHNOLOGY AND CUSTOMER SERVICE
	B.2	ATM/Debit Card transactions
54.		❖ In case of doubt about the success / failure of an ATM transaction, the copy of the JP log is called for from an acquiring bank. The preceding and succeeding transactions should also be included in the copy.
55.		❖ Mobile banking -All grievances of mobile banking should be addressed by the banks only, without referring the customer to the service providers. The agreements of the banks with the telecom service providers should incorporate suitable provisions to address mobile banking grievances.
56.		❖ Banks should encourage formation of user communities to get feedback on the banks and also to enhance the efficiency of their products, and design new products.

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	B.3	SMS/E-mail alerts
57.		❖ Account Statement in PDF format should be sent by email, if customer requests so (password encrypted document).
58.		❖ Current account holders with high transactions should be sent e-mail giving the balance position at agreed periodicity viz., daily, weekly, fortnightly etc.
59.		❖ SMS or email alert informing the change in interest rate on loan availed due to change in base rate etc.
60.	B.5	ECS MANDATE MANAGEMENT SYSTEM - Bank should ensure that ECS Mandate Management System is working effectively to comply with the mandate given by the customer in respect of limit of debit amount, expiry date, withdrawal of mandate, etc. Withdrawal of mandate for any ECS debit payment should not be left to the mercy of the beneficiary.
61.	B.7	BUSINESS PROCESS RE-ENGINEERING- Banks should ensure that the CBS addresses the following major issues which were not integrated into CBS at its inception. ❖ Automatic updation of age records and then conferring senior citizen benefits wherever applicable once a customer becomes a senior citizen.
62.	C	INTERNAL GRIEVANCE REDRESSAL SYSTEM IN BANKS ❖ Online Grievance Redressal System - Bank should provide for online registration of grievance in its website. The Online Grievance System should provide access to the customer also for recording the complaint, complaint status tracking and receiving response from the bank.
63.		❖ Customer Service during Internal Audit - The bank / branch inspection should review also the systemic ways of complaint resolution rather than looking at the mere number of cases resolved.
64.		❖ Escalation of Complaints - Banks must ensure that minor complaints that could be resolved at the branch level itself are not escalated to the next level. There must be a clear segregation of grievances in terms of the ones that needed to be escalated and the others that must necessarily be resolved at branch level. There is also a need for proper monitoring of internal redressal mechanism so that a minimum number of complaints are escalated to BO Office. This would help in strengthening customer confidence in the Internal Redressal Mechanism.
65.	D.1	BANKING OMBUDSMAN SCHEME: Position of the Banking Ombudsman in the Internal Grievance Redressal Set Up ❖ There is a need for the banks in developing their Internal Grievance Redressal Mechanism to ensure only the minimum number of cases gets escalated to the Banking Ombudsman and the Scheme is strictly utilised only as an appellate mechanism.
66.	D.2.	PUBLIC AWARENESS ON THE SCHEME - RBI and BO Offices are trying to educate the public about the BO Scheme through awareness campaigns, outreach programmes, publicity through print media, All India Radio and Doordarshan. However, these efforts need to be complemented by the banking industry. All the communications sent by the banks should have an insert on the Banking Ombudsman Scheme and its applicability.
67.	D.6	Other Recommendations -Nodal Officer is an important liaison officer between the bank and the BO office. He is responsible for supplying desired information to BO Office quickly. Nodal Officer should be competent and equipped to take decisions during the conciliatory

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		meetings. Certain instances where Nodal Officers were not found to be competent enough were observed during the interaction with the Banking Ombudsmen.
68.	E.1	<p>ROLE OF BOARDS OF BANKS IN CUSTOMER SERVICE:</p> <p>The Board of Directors should play a proactive role in implementing all the customer service guidelines and instructions. Root cause analysis of the top five types of complaints of a quarter should be placed before the Customer Service Committee of the Board held in the subsequent quarter. A brief note on the discussions held on the same should be placed before the Board in its subsequent meeting. The actionable points that emanate out of such deliberations should be closed only after placing of the compliance status in the subsequent meetings of the Customer Service Committee / Board (as the case may be).</p>
69.	E.2	An agenda should be placed before the Customer Service Committee every quarter on the level of implementation of the Bank's Code of Commitments to Customers. The agenda should also correlate between the Code implementation and the complaints received.
70.	E.3	Another agenda to be placed in the Customer Service Committee every quarter is an 'Overview on the Grievance Redressal Mechanism in the Bank'. The aspects such as the number of complaints received and redressed, use of grievance redressal initiatives like access through toll free numbers, help-line, mails, online complaints, SMS responses and the position of complaints against the bank with the Banking Ombudsman offices/Consumer Courts/Courts. The agenda should spell out the reasons for emanation of such complaints to the Banking Ombudsman rather than getting resolved by the bank itself.
71.	E.4	<p>The Board should ensure that the following policies are in place:</p> <ul style="list-style-type: none"> ❖ A comprehensive policy for Customer Acceptance, Customer Care and Customer Severance.
72.		<ul style="list-style-type: none"> ❖ The policies should clearly lay out approach to Customer Care taking into account the geographic spread of branches, segments of customers, needs of special sections like senior citizens, widows, physically challenged persons etc. This policy must also clearly define and distinguish the features for different products and services and must indicate the target customer group.
73.		<ul style="list-style-type: none"> ❖ The Bank's approach to Financial Education aspects are also required to be documented through a policy framework.
74.		<ul style="list-style-type: none"> ❖ Customer Centricity - The bank's approach to develop 'Client First Attitude' by its employees needs to be documented and the same may include aspects such as positive attitudinal change, behavior and practices, the skill gaps of employees, the process of re-engineering the recruitment of staff for the purpose etc. Bank Boards should evolve Human Resources policies which will recruit for attitude and train for skills.
75.		<ul style="list-style-type: none"> ❖ The bank's policy framed to ensure the prescribed response time for every type of grievance should be approved by the Top Management of the bank.
76.		<ul style="list-style-type: none"> ❖ Banks should codify annually all its policies/operational guidelines as that would help the front-line staff better serve the customers.
77.		<ul style="list-style-type: none"> ❖ The internal inspection / audit reports of banks should adequately focus on customer service and the Audit Rating should appropriately reflect the importance of customer service.