

Important Notifications Relating to Customer Service And BO Scheme .

July 01, 2009

Master Circular on Customer Service in banks- DBOD.No.Leg. BC.9/09.07.006/2009-10 - RBI has been time and again issuing various instructions/guidelines in the area of customer service to bring about improvements in the quality of customer service in banks and their branches. In order to have all current instructions on the subject at one place, RBI have compiled the important instructions issued in the area of customer service, in the form of a Master Circular.

July 17, 2009

Delayed reimbursement of Failed ATM transactions—Time limit - DPSSNo.101/02.10.02/2009-2010 –RBI has made it mandatory for the banks to reimburse the customers the amount wrongfully debited on account of failed ATM transactions, within a maximum period of 12 working days from the date of receipt of the customer complaint. Failure to do so will attract compensation @ `100/-, per day, which shall be credited to the customer's account automatically without any claim from the customer.

July 21, 2009

Grievance Redressal Mechanism in banks - Display of names of Nodal Officers appointed under the Banking Ombudsman Scheme, 2006-DBOD.No.Leg.BC.24 /09.07.005/ 2009-10 - The banks were advised to ensure that the names of the contact officials displayed at the branches for redressal of complaints also include the name and other details of the Nodal Officer appointed under the BOS, 2006. Banks may also display on their web-sites, the names and other details of the officials at their Head Office / Regional Offices / Zonal Offices who can be contacted for redressal of complaints. This list should also include the names of the Nodal Officers / Principal Nodal Officers appointed under the BOS, 2006.

July 22, 2009

Cash Withdrawal at Point-of-Sale (POS) -DPSS.CO.PD.No. 147/02.14.003/2009-10 - As a step towards enhancing the customer convenience in using the plastic money, cash withdrawals were permitted at POS terminals for all debit cards issued in India, upto ` 1000/- per day.

August 12, 2009

Payment of interest on accounts frozen by banks- DBOD. No. Leg. BC.30/ 09.07.005/2009-10 - Banks were advised that while obtaining the request letter from the depositor for renewal, banks should also advise him to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, banks may renew the same for a term equal to the original term.

August 14, 2009

Use of RTGS/NEFT/NECS/ECS for Credit to NRE Accounts –Compliance with FEMA Regulations and Wire Transfer Guidelines- DPSS (CO) EPPDNo.327/04.03.02/2009-10 - All banks participating in RTGS / NEFT / NECS/ ECS were advised that when the destination of funds is to an NRE account, the originating / sponsor bank must ensure that the funds are eligible to be credited to an NRE account in India under the existing FEMA Regulations and Wire Transfer Guidelines. Beneficiary / Destination banks have to make requisite changes to the interface software, if not already done, so that all valid transactions indicating credit to an NRE account are not returned.

August 20, 2009

Payment of interest on accounts frozen by UCBs- UBD (PCB) BPD Cir No.4 /13.01.000/2009-10 - UCBs were advised that while obtaining the request letter from the depositor for renewal, also advise him to indicate the term for which the deposit is to be renewed. In case the depositor does not exercise his option of choosing the term for renewal, banks may renew the same for a term equal to the original term.

August 24, 2009

Collateral Free loans – Micro and Small Enterprises (MSEs) - RPCD.SME&NFS.BC.No.16/06.02.31 (P) /2009-10 - Banks were advised that the guidelines on extending collateral free loans upto `5 lakh to the units of MSE sector are mandatory and banks must not obtain collateral security in the case of loans upto `5 lakh extended to all units of the MSE sector.

August 27, 2009

Collection of account payee cheque – Prohibition on crediting proceeds to third party account- DBOD.BP.BC No. 32 / 21.01.001/ 2009-10 – Earlier, banks were advised that the practice of collection of cheques crossed 'account payee' through third party accounts (co-operative credit societies) is not permissible. In order to facilitate collection of cheques from a payment system angle, account payee cheques deposited with the sub-member for credit to their customers' account can be collected by the member banks of the Clearing House. Under such arrangements, there should be clear undertaking to the effect that the proceeds of the account payee cheque will be credited to the payee's account only, upon realisation.

September 01, 2009

Payment of interest on Savings Bank Account on a Daily Product Basis– UCBs – UBD.(PCB).BPD.Cir.No.7/13.01. 000/ 2009-10 - UCBs were informed that with effect from April 1, 2010 interest on balances in savings bank accounts would be calculated on a daily product basis.

September 7, 2009

Collection of Account Payee Cheques - Prohibition on Crediting Proceeds to Third Party Account - RPCD.CO.RF.BC.No.18 /07.38.03/2009-10– Earlier, all State Co-operative Banks and District Central Co-operative Banks were advised that the practice of collection of cheques crossed 'account payee' through third party accounts (co-operative credit societies) is not permissible. In order to facilitate collection of cheques from a payment system angle, account payee cheques deposited with the sub-member for credit to their customers' account can be collected by the member bank of the Clearing House. Under such arrangements, there should be clear undertaking to the effect that the proceeds of the account payee cheque will be credited to the payee's account only, upon realisation.

September 11, 2009

KYC norms/ AML standards/Combating of Financing of Terrorism(CFT)/Obligation of banks under Prevention of Money Laundering Act(PMLA), 2002- DBOD. AML.BC. No.43 /14.01.001/2009-10 - All Scheduled Commercial banks were advised to maintain for at least ten years from the date of transaction between the bank and the client, all necessary records of transactions referred to at Rule 3 of the Prevention of Money-Laundering, etc Rules, 2005 (PMLA Rules), both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

September 29, 2009

October 5, 2009

Cash Withdrawal at point of Sale (POS) – UCBs- UBD.CO. BPD.No.13/09.18.300/2009-10 - UCBs were informed that as a further step towards enhancing the customer convenience in using the plastic money, cash withdrawals are permitted at POS terminals for all debit cards issued in India , upto `1000/- per day.

October 20, 2009

Credit Information Companies (Regulation) (Removal of Difficulties) Order, 2008 -RPCD. CO RRB. No. 32/ 03.05.33/ 2009-10 - In terms of Section 15(1) of the Credit Information Companies (Regulation) Act, 2005, every credit institution has to become member of at least one credit information company within a period of three months from commencement of the Act or any extended time allowed by the Reserve Bank on application. As RRBs fall under credit institutions as defined in sub-section (f) of Section 2 of the Act, they would be required to take membership of at least one credit information company and provide credit data to the credit information company in the format prescribed by the credit information company.

October 30, 2009

Inoperative Accounts- DBOD.Leg. No.BC. 55 /09.07.005 / 2009-10 - There may be instances where the customer has given a mandate for crediting the interest on Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. In such cases since the interest on Fixed Deposit account is credited to the Savings Bank accounts as per the mandate of the customer, banks should treat the same as a customer induced transaction and treat the account as operative account as long as the interest on Fixed Deposit account is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative only after two years from the date of the last credit entry of the interest on Fixed Deposit account.

November 9, 2009

Dishonour of Cheques– Dealing with incidents of frequent dishonour - DBOD.No.Leg.BC.59 /09.07.005/2009-10 - Banks were advised to have a Board approved policy for dealing with frequent dishonour of cheques of value of less than `1 crore.The policy should also deal with matters relating to frequent dishonour of ECS mandates.

November 16, 2009

Marketing/distribution of mutual fund/insurance etc., products by banks- DBOD.No.FSD.BC. 60/24.01.001/2009-10 – Banks were advised to disclose to the customers, details of all commission/other fees (in any form)received from the various mutual fund/insurance/other financial companies for marketing/ referring their products.

November 17, 2009

RTGS System - Government Receipts- DPSS (CO) RTGSNo.991/04.04.002/2009 – 2010 - As per the extant Government rules, only accredited banks are permitted to receive payments to Government accounts and every credit to the Government account needs to be supported by a Challan. The RTGS message transfer platform is designed to carry only funds transfer messages and not Challan. The receiving bank therefore is not in a position to afford credit to the Government account. This often results in transactions getting returned. As an interim measure to facilitate Government receipts through RTGS, it has been decided that participants originating Government transactions in RTGS can do so only when the receiving bank is in agreement with the sending bank to receive funds. In case it is bilaterally decided to undertake such a funds transfer in RTGS, banks have to use the interbank mode R 42 for such transfers.

November 19, 2009

Sorting / Processing of Notes – Installation of Note Sorting Machines-DCM. No. Cir. NPD.3161/09.39.00 (Policy)/2009-2010 - Banks were advised that the bank notes in denominations of `100/- and above may be re-issued by banks over their counters or through ATMs only if these banknotes are duly checked for authenticity / genuineness and fitness by machines. For this purpose, banks should:

(i) Use such machines in all their branches having average daily cash receipts of `1 crore and above by March 2010 and (ii) Use such machines in all their branches having average daily cash receipts between `50 lakh and `1 crore by March 2011.

November 30, 2009

Financial Inclusion by Extension of Banking Services – Use of Business Correspondents (BCs) - DBOD.No.BL.BC. 63 /22.01.009/2009-10 - Banks were permitted to appoint following entities as BCs, in addition to the entities presently permitted: (i) Individual Kirana/Medical /Fair Price Shop Owners (ii) Individual Public Call Office (PCO) Operators (iii) Agents of Small Savings Schemes of Government of India/Insurance Companies (iv) Individuals who own petrol pumps (v) Retired teachers and (vi) Authorised functionaries of well run Self Help Groups (SHGs) linked to banks. Banks (and not BCs) are permitted to collect reasonable service charges from the customer, in a transparent manner under a Board-approved policy.

December 1, 2009

Credit Information Companies (Regulation) Act, 2005 - RPCD.CO.RF.BC.No.44/07.40.06/2009-10 - In terms of Section 15(1) of the Credit Information Companies (Regulation) Act, 2005, every credit institution has to become member of at least one credit information company within a period of three months from commencement of the Act or any extended time allowed by the Reserve Bank on application. As Co-operative Banks fall under credit institutions as defined in sub-section (f) of Section 2 of the Act, they would be required to take membership of at least one credit information company and provide credit data to the credit information company in the format prescribed by the credit information company. State and Central Co-operative Banks are advised to ensure strict compliance with the provisions of the Credit Information Companies (Regulation) Act, 2005 as well as the rules and regulations framed there under.

December 3, 2009

Marketing/Distribution of Mutual Fund/Insurance Products by Urban Cooperative Banks - UBD.No.BPD. PCB.26/09.11. 200/ 2009-10 - Urban Co-operative Banks were advised to disclose to the customers, details of all commissions/other fees (in any form) received from the various mutual fund/insurance/other financial companies for marketing/referring their products.

December 3, 2009

Credit Information Companies (Regulation) Act, 2005 - UBD.BPD (PCB) Cir No.25/09.11.200/2009-10 - In terms of Section 15(1) of the Credit Information Companies (Regulation) Act, 2005, every credit institution has to become member of at least one credit information company within a period of three months from commencement of the Act or any extended time allowed by the Reserve Bank on application. As Urban Co-operative Banks fall under credit institutions as defined in sub-section (f) of Section 2 of the Act, they would be required to take membership of at least one credit information company and provide credit data to the credit information company in the format prescribed by the credit information company.

December 18, 2009

Extension of Service Window for RTGS Transactions - DPSS (CO) RTGS No. 1313/ 04.04.002 / 2009 – 2010 - RTGS Standing Committee has extended RTGS timings for customer and inter-bank transactions on Saturdays. Accordingly, the revised time window for customer transactions would be 9:00 hours to 13:30 hours and for interbank transactions time window would be 9:00 hours to 15:00 hours.

December 18, 2009

Display of information for lodging of ATM related complaints - DPSS No.1316 /02.10.02/2009-2010 - Banks were advised to display prominently the following information at the ATM locations : i) Information that complaints should be lodged at the branches where customers maintain account to which ATM card is linked ii) Telephone numbers of help desk/contact persons of the ATM owning bank to lodge complaint / seek assistance.

December 24, 2009

Mobile Banking Transactions in India - Operative Guidelines for Banks- DPSS.CO.No.1357/02.23.02/2009-10- In modification to the guidelines issued vide circular no. RBI/2008-09/208, DPSS.CO.No.619 /02.23.02/ 2008-09 dated October 08, 2008 on Mobile Banking Transactions in India, banks are now permitted to offer this service to their customers subject to a daily cap of Rs 50,000/- per customer for both funds transfer and transactions involving purchase of goods/services.

February 19, 2010

Payment of Interest on Savings Bank Account on Daily Product Basis - DBOD. No. Dir. BC 77/13.03.00/2009-10 - Banks were advised that the payment of interest on savings bank accounts would be made on a daily product basis with effect from April 1, 2010.

February 22, 2010

Standardisation and Enhancement of Security Features in Cheque Forms - DPSS.CO.CHD.No. 1832/ 04.07.05 /2009-10 - It has been decided to prescribe certain benchmarks towards achieving standardisation of cheques issued by banks across the country. These include provision of mandatory minimum security features on cheque forms like quality of paper, watermark, bank's logo in invisible ink, void pantograph, etc., and standardisation of field placements on cheques. The benchmark prescriptions shall be known as ' CTS-2010 standard ' Effective date of implementation of the standard will be advised in due course.

March 4, 2010

Payment of Interest on Savings Bank Account on Daily Product Basis - UBD (PCB) BPD.Cir.No. 48/13.01.000 / 2009-10 - UCBs were advised that the payment of interest on savings bank accounts may be made on a daily product basis with effect from April 1, 2010.

March 26, 2010

Know Your Customer (KYC) guidelines - accounts of proprietary concerns - DBOD.AML.BC.No.80/ 14.01.001/ 2009-10 - Banks were advised that apart from following the extant guidelines on customer identification procedure as applicable to the proprietor, they should call for and verify any two of the following documents before opening of accounts in the name of a proprietary concern: i) Proof of the name, address and activity of the concern, like registration certificate (in the case of a registered concern), certificate/licence issued by the Municipal authorities under Shop & Establishment Act, sales and income tax returns, CST/VAT certificate, certificate/registration document issued by Sales Tax/Service Tax/Professional Tax authorities, Licence issued by the Registering authority like Certificate of Practice issued by Institute of Chartered Accountants of India, Institute of Cost Accountants of India, Institute of Company Secretaries of India, Indian Medical Council, Food and Drug Control Authorities, etc. These documents should be in the name of the proprietary concern.

March 29, 2010

Public Provident Fund Scheme, 1968 : 1) Clarification regarding reckoning of the date of deposit 2) Reiteration of instructions on opening of an account for a minor - DGBA.CDD. H-7530/15.02. 001/ 2009 - 10 - The GOI, have decided that when a deposit is made in the PPF account by means of a local cheque or demand draft by the subscriber, the date of realization of the amount will be the date of deposit. All the Agency banks were advised to bring this to the notice of their branches undertaking PPF business and ensure that the same is also incorporated in the computerized system. It is also reiterated that as per Rule 3 (1) of PPF Scheme, 1968, an individual may, on his own behalf or on behalf of a minor, of whom he is the guardian, subscribe to the Public Provident Fund. Further, as clarified, vide Ministry of Finance letter F.7/34/88/-NS II dated November 17, 1989, either father or mother can open a PPF account on behalf of his/her minor child but not both.

April 9, 2010

Guidelines on the Base Rate - DBOD. No. Dir. BC 88 /13.03.00/2009-10 - Banks were issued guidelines for implementation of the Base Rate System. These guidelines on the Base Rate system, replacing the BPLR system will become effective on July 1, 2010.

April 12, 2010

Collateral Free Loans - Educational Loan Scheme - RPCD.SME&NFS.BC.No.69/06.12.05/2009-10- Banks were advised that it is mandatory that they do not insist on collateral security in the case of educational loans upto ` 4 lakh. Suitable instructions may be issued to branches/controlling offices for meticulous and strict compliance in this regard.

April 23, 2010

Credit/Debit Card transactions- Security Issues and Risk mitigation measures for IVR transactions - RBI / DPSS No. 2303 / 02.14.003 / 2009-2010 - It has been decided to extend the requirement of additional authentication/ validation to all Card Not Present transactions including IVR transactions with effect from January 01, 2011.

May 26, 2010

Remittance towards participation in lottery, money circulation schemes, other fictitious offers of cheap funds, etc. - A.P. (DIR Series) Circular No.54 - It has been brought to the notice of the Reserve Bank that fraudsters are seeking money from the gullible people, under different heads, such as, processing fees/ transaction fees/tax clearance charges/conversion charges, clearing fees, etc. The victims of the fraud have also been persuaded to deposit the amount in accounts with banks in India, and such amounts have been withdrawn immediately. It is also observed that multiple accounts are being opened in the name of individuals or proprietary concerns, at different bank branches for collecting the transaction charges, etc. AD Category-I banks were advised to exercise due caution and to be extra vigilant while opening or allowing transactions in such accounts. It is clarified that any person resident in India collecting and effecting / remitting such payments directly /indirectly outside India would make himself/ herself liable to be proceeded against with, for contravention of the Foreign Exchange Management Act, 1999 besides being liable for violation of regulations relating to KYC norms /AML standards.

June 9, 2010

KYC norms/ AML standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 - DBOD.AML.BC.No.108/14.01.001/2009-10 - With a view to preventing banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing, it is clarified that whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, banks should carry out full scale customer due diligence (CDD) before opening an account.

June 10, 2010

KYC norms/ AML standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 - DBOD. AML.BC. No.109/14.01.001/2009-10 - Banks were advised not to allow opening and/or holding of an account on behalf of a client/s by professional intermediaries, like Lawyers and Chartered Accountants, etc., who are unable to disclose true identity of the owner of the account/funds due to any professional obligation of customer confidentiality. Further, any professional intermediary who is under any obligation that inhibits bank's ability to know and verify the true identity of the client on whose behalf the account is held or beneficial ownership of the account or understand true nature and purpose of transaction/s should not be allowed to open an account on behalf of a client.

June 15, 2010

KYC norms/ AML standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 - DBOD. AML.BC. No. 111/14.01.001/2009-10 - Banks were advised that they should examine the background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in FATF Statements and countries that do not or insufficiently apply the FATF Recommendations. Further, if the transactions have no apparent economic or visible lawful purpose, the background and purpose of such transactions should, as far as possible be examined, and written findings together with all documents should be retained and made available to Reserve Bank/other relevant authorities, on request. It is clarified that banks should not enter into relationship with shell banks and before establishing correspondent relationship with any foreign institution, banks should take appropriate measures to satisfy themselves that the foreign respondent institution does not permit its accounts to be used by shell banks.

June 18, 2010

Agricultural Loans – Waiver of Margin/Security Requirements - RPCD.PLFS. BC. No. 85/05.04.02/2009-10 - Banks may waive margin/security requirements for agricultural loans from the existing level of ` 50,000/- to ` 1,00,000/- with immediate effect.

June 21, 2010

Compromise/Negotiated/One Time settlement of Non Performing Assets- DBOD.BP.BC.No.112/ 21.04.048/2009-10 - Banks have been advised that adequate care should be taken to ensure that the compromise settlements are done in a fair and transparent manner and in full compliance with RBI guidelines on the matter. The officer/authority sanctioning a compromise/one time settlement should append a certificate stating that the compromise settlements are in conformity with the RBI guidelines.

June 22, 2010

Standardisation and Enhancement of Security Features in Cheque Forms - DPSS.CO.CHD.No.2806/ 04.07.05/2009-10 - DPSS has clarified that the prescription on 'prohibiting alterations / corrections on cheques' has been introduced to curtail cheque frauds on account of alterations in the various fields of cheques and to give protection to customers as well as banks. It will be applicable only for cheques cleared under the image-based Cheque Truncation System (CTS).