



# **Customer Rights Policy**

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**Corporate Strategy and Planning Department**

Corporate Centre

Mumbai

## **Background**

In its first bi-monthly Monetary Policy Statement (2014 - 15) announced on April 1, 2014, the Reserve Bank of India (RBI) had stated that consumer protection is an integral aspect of financial inclusion. It had proposed to frame comprehensive consumer protection regulations, based on domestic experience and global best practices. As a sequel to this, RBI released a 'Charter of Customer Rights' on December 03, 2014, which enshrines broad and overarching principles for protection of bank customers and enunciates the five basic rights of bank customers, viz. (i) Right to Fair Treatment, (ii) Right to Transparency, Fair and Honest Dealing, (iii) Right to Suitability, (iv) Right to Privacy and (v) Right to Grievance Redress and Compensation. The RBI advised the Indian Banks' Association (IBA) and the Banking Codes and Standards Board of India (BCSBI) to formulate a "Model Customer Rights Policy" encapsulating the principles enshrined in the Charter which would help the member banks to prepare their own Board approved policy on Customer Rights.

This Policy is based on IBA's Model Customer Rights Policy.

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## **1 Introduction**

- 1.1** IDBI Bank is one of the leading banks in the country, which deploys state-of-the-art technology to provide world-class service to customers. The Vision Statement of the Bank is “To be the most preferred and trusted bank enhancing value for all stakeholders”.
- 1.2** As customers are the biggest stakeholders for the Bank, the Vision Statement truly reflects the commitment of the Bank to enhance value to the customers.
- 1.3** The Mission Statement of the Bank, inter alia, incorporates the following:
  - (i)** Delighting customers with our excellent service and comprehensive suite of best-in class financial solutions;
  - (ii)** Deploying world class technology, systems and processes to improve business efficiency, comply with regulatory norms and adopt best risk management and compliance practices;
  - (iii)** Continuing to act in a fair, transparent and ethical manner, to be a benchmark for good corporate governance;
- 1.4** Thus, the Bank acknowledges that the customer is the core constituent of the Bank and every action of the Bank should be aimed at Customer Delight.
- 1.5** The Bank understands that one of the important requirements for customer delight is to have ethical and transparent policy in all its dealings. Customer protection also forms an integral part of Customer Delight.
- 1.6** Reserve Bank of India (RBI) has directed all the banks to put in place a Board approved policy on ‘Customer Rights’.
- 1.7** Towards this end, the Bank has formulated, a ‘Customer Rights Policy’ which enshrines five basic rights of the customers of the Bank. It spells out the rights of the customer and also the responsibilities of the Bank.

## **2 Objectives**

- 2.1** To lay down a Policy Framework for abiding by RBI guidelines on 'Charter of Customer Rights'.
- 2.2** To enable the Customer to know before or during a relationship, his/ her rights and responsibilities in his/ her dealings with the Bank.
- 2.3** To ensure that the staff at all levels in the Bank are aware of the policy of the Bank in this regard, so that dealings with the Customers are uniform across geography & types of customers and are based on transparent standards/procedures
- 2.4** To educate customers about their rights.

## **3 Scope**

- 3.1** The Policy applies to all products and services offered by the Bank or its agents, whether provided across the counter, over phone, by post, through interactive electronic devices, on internet or by any other method.
- 3.2** This policy is applicable across all branches / business segments of the Bank, and is to be read in conjunction with related operational guidelines issued from time to time.
- 3.3** This policy is applicable across all branches / business and customer segments of the Bank, and is to be read in tandem/ correlated with the changes/modifications that may be advised by RBI and / or by any regulator and / or by the Bank from time to time.

## **4 Right to Fair Treatment**

**4.1** Both the customer and the Bank have a right to be treated with courtesy.

The customer should not be unfairly discriminated against, on grounds such as gender, age, religion, caste, physical ability when offering and delivering financial products.

**4.2** In pursuance of the above Right, the Bank will –

- (i) Promote good and fair banking practices by setting minimum standards in all dealings with the customers;
- (ii) Promote a fair and equitable relationship between the Bank and the customer;
- (iii) Train Bank staff attending to the customers adequately and appropriately;
- (iv) Ensure that staff members attend to customers and their business promptly and courteously;
- (v) Treat all customers fairly and not discriminate against any customer on grounds such as gender, age, religion, caste, literacy, economic status, physical ability, etc. Bank may, however, have special schemes or products, which are specifically designed for members of a target market group or may use defensible, commercially acceptable economic rationale for customer differentiation. Bank may also have schemes or products as part of an affirmative action such as for women or backward classes. Such schemes / products will not tantamount to unfair discrimination. The rationale for such special schemes or terms will be explained by the Bank wherever required;
- (vi) Ensure that the above principle is applied while offering all products and services;
- (vii) Ensure that the products and services offered are in accordance with relevant laws and regulations;
- (viii) Promote safe and fair customer dealing in case of banking in a digital environment.

**4.3** While it shall be the endeavor of the Bank to provide customers with hassle-free and fair treatment, the Bank would expect all the customers to behave courteously and honestly in their dealings with the Bank.

**4.4** It shall be the Bank's endeavor to encourage the customers to approach the Bank's internal grievance redressal machinery for resolution of grievances. The customer can approach alternate fora after exhausting all the remedies available under the Bank's internal grievance redressal mechanism.

**4.5** The bank would facilitate senior citizens and differently abled persons for availing all banking facilities in branches. Notwithstanding the need to push digital transactions and use of ATMs, it is imperative for the Bank to be sensitive to the requirements of senior citizens and differently abled persons in tune with applicable guidelines.

## **5 Right to Transparency, Fair and Honest Dealing**

**5.1** The Bank would make every effort to ensure that the contracts or agreements it frames are transparent, easily understood by and well communicated to the common person. The product's price, the associated risks, the terms and conditions that govern use over the product's life cycle and the responsibilities of the customer and financial service provider, would be clearly disclosed. The customer should not be subject to unfair business or marketing practices, coercive contractual terms or misleading representations. Over the course of their relationship, the Bank cannot threaten the customer with physical harm, exert undue influence, or engage in blatant harassment.

**5.2** In pursuance of the above Right, the Bank will –

- (i) Ensure complete transparency so that the customer can have a better understanding of what he or she can reasonably / fairly expect from the Bank;
- (ii) Ensure that the Bank's dealings with the customer rest on ethical principles of equity, integrity and transparency;
- (iii) Provide customers with clear information about its products and services, terms and conditions, interest rates and service charges in simple and easily understandable language, and with sufficient information so that the customer could be reasonably expected to make an appropriate and informed choice of product;

- (iv) Ensure that all terms and conditions are fair and set out the respective rights, liabilities and obligations clearly and as far as possible in plain and simple language;
- (v) Make known the key risks associated with the product as well as any features that may especially disadvantage the customer to him/ her. The Most Important Terms and Conditions (MITC) associated with the product or service will be clearly brought to the notice of the customer while offering the product. In general, it will be ensured that such terms will not inhibit a customer's future choice.
- (vi) Provide information on interest rates, fees and charges, through various modes which inter alia should include Notice Board in the branches, website, etc., and, where appropriate, the customer will be informed directly;
- (vii) Display the Tariff Schedule on the website and a copy thereof will be made available at every branch for the customer's perusal. The Bank will also display a notice in the branches about the availability of the Tariff Schedule at the branch;
- (viii) Give details, in the Tariff Schedule, of all charges, if any, applicable to the products and services chosen by customer;
- (ix) Inform the customer of any change in the terms and conditions through any effective and feasible mode viz. Letter, Statement of Account, SMS, Email, Banks website, etc. at least one month prior to the revised terms and conditions becoming effective;
- (x) Ensure that such changes are made only with prospective effect after giving notice of one month. If the Bank has made any change without giving such notice which is favourable to the customer, it will notify the change within 30 days of such change. If the change is adverse to the customer, prior notice of minimum 30 days will be provided and the customer will be provided options, to close the account or switch to any other eligible account without having to pay the revised charge or interest within 60 days of such notice;



- (xi) Provide information about the penalties leviable in case of non-observance / breach of any of the terms and conditions governing the product / services chosen by the customer;
- (xii) Display on public domain the Banks' Policies on Deposits, Cheque Collection, Grievance Redressal, Compensation, Door-Step Banking for Senior Citizens and Differently-abled Persons, Un-authorised Electronic Banking Transactions Policy and Collection of Dues and Security Repossession;
- (xiii) Make every effort to ensure that staff dealing in a particular product are properly trained to provide relevant information to customers fully, correctly and honestly;
- (xiv) Ensure to communicate to the applicant within a reasonable time- period as decided by the Bank about the acceptance / non- acceptance of applications submitted for availing a product / service and convey in writing the reasons for not accepting / declining the application. Such period will be notified in the Bank's website and also in the application of the particular product or service.
- (xv) Communicate unambiguously with advance notice of at least 30 days the information about –
  - a. Discontinuation of particular products
  - b. Relocation of their offices
  - c. Changes in working hours
  - d. Change in telephone numbers
  - e. Closure of any office or branch
- (xvi) Also affirm that disclosure of information is an on-going process through the life-cycle of the product / relationship and will be diligently followed by the Bank. Ensure to use all possible channels of communication, including website, to ensure that information on all changes are made known to the customer upfront;

- (xvii) Advise the customer at the time of selling the product of the rights and obligations embedded in law and/or banking regulation, including the need to report any critical incidents that the customers suspect, discover or encounter.
- (xviii) The Bank's staff members shall, when approached by the customer for availing a product or service, provide all relevant information related to the product / service and also endeavour to provide direction to informational resources on similar products available in the market with a view to enable the customer to make an informed decision;
- (xix) Not terminate a customer relationship without giving reasonable or contractual prior notice to the customer;
- (xx) Assist the customer in all available ways for managing his/her account, financial relationship by providing regular inputs in the Bank's realms, such as account statements/passbooks, alerts, timely information about the product's performance, term deposits maturity etc.;
- (xxi) Ensure that all marketing and promotional material is clear and not misleading;
- (xxii) Not threaten the customer with physical harm, exert influence or engage in behaviour that would reasonably be construed as unwarranted harassment. Ensure adherence only to the normal appropriate business practices.
- (xxiii) Ensure that the fees and charges on products/services and its structure are not unreasonable to the customer.

## **6 Right to Suitability**

**6.1** The products offered should be appropriate to the needs of the customer and based on an assessment of the customer's financial circumstances and understanding.

**6.2** In pursuance of the above Right, the Bank will –

- (i) Ensure that it has a Board approved policy for assessing suitability of products for customers, prior to sale;
- (ii) Endeavour to make sure that the product or service sold or offered is

appropriate to the customer's needs and not inappropriate to the customer's financial standing and understanding based on the assessment made by it. Such assessment will be appropriately documented in its record.

- (iii) Sell third-party products only if it is authorized to do so, after putting in place a Board approved policy for marketing and distributing third party financial products.
- (iv) Not compel a customer to subscribe to any third-party products as a quid-pro-quo for any service availed from the Bank.
- (v) Ensure that the products being sold or service being offered, including third-party products, are in accordance with extant rules and regulation.
- (vi) Inform the customer about his responsibility to promptly and honestly provide all relevant and reasonable information that is sought by the Bank to enable it to determine the suitability of the product to the customer.
- (vii) Adhere to all statutory guidelines of RBI, IRDA, SEBI etc. on para banking activities such as sale of insurance/mutual fund/other third party investment products.

## **7 Right to Privacy**

**7.1** Customers' personal information should be kept confidential unless they have offered specific consent to the financial services provider or such information is required to be provided under the law or is provided for a mandated business purpose (for example, to credit information companies). The customer should be informed upfront about likely mandated business purposes. Customers have the right to protection from all kinds of communications, electronic or otherwise, which infringe upon their privacy.

**7.2** In pursuance of the above Right, the Bank will –

- (i) Treat customer's personal information as private and confidential (even when the customer is no longer banking with us), and, as a general rule, not disclose such information to any other individual/institutions including its subsidiaries / associates, tie-up institutions etc. for any purpose unless

- a) The customer has authorized such disclosure explicitly in writing;
  - b) Disclosure is compelled by law / regulation;
  - c) Bank has a duty to the public to disclose i.e. in public interest;
  - d) Bank has to protect its interests through disclosure;
  - e) It is for a regulatory mandated business purpose such as disclosure of default to credit information companies or debt collection agencies.
- (ii) Ensure such likely mandated disclosures be communicated immediately to the customer in writing.
- (iii) Shall not use or share customer's personal information for marketing purpose, unless the customer has specifically authorized it;
- (iv) Shall adhere to Telecom Commercial Communications Customer Preference Regulations, 2010 (National Customer Preference Registry) issued by Telecom Regulatory Authority of India, while communicating with customers.

## **8 Right to Redress Grievance and Compensation**

**8.1** The customer has a right to hold the Bank accountable for the products offered and to have a clear and easy way to have any valid grievances redressed. The Bank must also facilitate redressal of grievances stemming from its sale of third party products. The Bank would communicate its policy for compensating mistakes, lapses in conduct, as well as non-performance or delays in performance, whether caused by the Bank or otherwise. The policy must lay out the rights and duties of the customer when such events occur.

**8.2** In pursuance of the above Right, the Bank will –

- (i) Deal sympathetically and expeditiously with all things that go wrong;
- (ii) correct mistakes promptly;
- (iii) cancel any charge that has been applied wrongly and by mistake;
- (iv) Compensate the customer for any direct financial loss that might have been incurred by the customer due to its lapses.

**8.3** The Bank will also –

- (i) Place in public domain its Customer Grievance Redressal Policy, including the grievance redressal procedure available for the customer;
- (ii) Place in public domain its customer Grievance Redressal Policy for delays/ lapses in conducting/ settling customer transactions within the stipulated time and in accordance with the agreed terms of contract;
- (iii) Ensure to have a robust and responsive grievance redressal procedure and clearly indicate the grievance resolution authority who shall be approached by the customer;
- (iv) Make grievance redressal mechanism easily accessible to customers;
- (v) Advise the customer about how to make a complaint, to whom such a complaint is to be made, when to expect a reply and what to do if the customer is not satisfied with the outcome;
- (vi) Display name, address and contact details of the Grievance Redressal Authority / Nodal Officer. The time limit for resolution of complaints will be clearly displayed / accessible at all service delivery locations;
- (vii) Inform the complainant of the option to escalate his complaint to the RBI Ombudsman if the complaint is not redressed within the pre-set time;
- (viii) Place in public domain information about RBI Ombudsman Scheme;
- (ix) Display at customer contact points the name and contact details of the RBI Ombudsman.
- (x) Attentively address the grievance raised by senior citizens and differently abled persons, striving to resolve these issues to the best of its abilities.

**8.4** Further, the Bank will-

- (i) Acknowledge all formal complaints (including complaints lodged through electronic means) within three working days and work towards resolving it within a reasonable period, not exceeding 30 days (including

the time for escalation and examination of the complaint by the highest ranking internal official responsible for grievance redressal). The 30-day period will be reckoned after all the necessary information sought from the customer is received. However, complaints relating to Failed Transactions and Unauthorized Electronic Banking Transactions, will be dealt with, within the period prescribed, as per the prevailing RBI guidelines.

(ii) Provide aggrieved customers with the details of the RBI Ombudsman Scheme for resolution of a complaint if the customer is not satisfied with the outcome of a grievance handling process;

**8.5** In addition, the Bank will –

- (i) Clearly spell out, at the time of establishing a customer relationship, the liability for losses (through other policies such as compensation policy, UEBT policy, etc.) as well as the rights and responsibilities of customer, products details through issuance of Schedule of Facilities (SOF) or other such document. However, the Bank will not be liable for any losses caused by extraneous circumstances that are beyond its reasonable control (such as market changes, performance of the product due to market variables, etc.) and also shall not be liable for opportunity loss, loss of reputation, mental agony, Incidental expenses, etc.
- (ii) Ensure the customer is refunded without delay and demur, if it cannot show beyond reasonable doubt to the customer on any disputed transaction (along with interest/charges).

## **9. Validity & Review of the policy**

The policy shall be reviewed annually in tune with the regulatory guidelines issued from time to time or internal requirements or as and when considered necessary.

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