



SYNDICATE BANK EMPLOYEES' UNION(Regd.)

(Affiliated to A.I.B.E.A)

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CIRCULAR NO. 32/XXVIII/2017/CO

Dated: 18.04.2017

TO ALL THE OFFICE BEARERS/CEC MEMBERS & STATE SECRETARIES
(for onward circulation among members)

Dear Comrades,

We are reproducing herewith circular dated 16.04.2017 issued by General Secretary AIBEA with regards to captioned matter.

We request all our members to kindly go through the contents of the circular and follow the call by sending attached memorandum online by issuing link given in the Circular.

All the functionaries of organisation are advised to popularized the issue & make efforts to get subscribe attached memorandum by maximum members of our organisation.

With Warm Greetings,

Yours Comradely,

(Suresh Kumar Sangtani)
General Secretary



Reproduction of Circular of AIBEA & AIBOA dated 31.03.2017

TO ALL UNITS AND MEMBERS:

16-4-2017

Dear Comrades,

- **Our protest against penalty and hike in service charges in SBI – Memorandum to Governor RBI on banking consumer grievances**

We have already observed the protest day programme against the unfair penalty charges and hike in service charges being levied by the SBI on all types of banking services adversely affecting the common banking customers. There are also other such bank consumer related issues and recently, at the initiative of Moneylife Foundation, a non-governmental organisation, these issues have been taken through submission of memorandum to the Governor RBI. AIBEA participated in this programme and has subscribed to the memorandum.

We give below the text of the Memorandum submitted to the RBI for the information of our units and members.

Now the memorandum is being submitted **online** by all willing citizens and organisations.

We request all our unions and members all over the country to submit this memorandum online by using the link as given below:

https://www.change.org/p/governor-rbi-finance-ministry-stop-banks-fleecing-depositors?recruiter=9991754&utm_source=share_petition&utm_medium=email&utm_campaign=share_email_responsive

When we cut and paste this link in the internet, it will open up the page from where we can subscribe to the Memorandum. Please forward this circular and link to all our members. So far 99,500 people have submitted the memorandum.

With greetings,

Yours comradely,



C.H. VENKATACHALAM
GENERAL SECRETARY

MEMORANDUM TO RBI GOVERNOR

To
Dr Urjit Patel
Governor,
Reserve Bank of India

Sub: Unfair treatment of bank customers

Dear Dr Patel,

We, a group of bank consumers and non-governmental organisations (NGOs) are disturbed at the unfair treatment that bank customers suffer in the form of frequent, arbitrary and one-sided increase in banking charges, or the refusal of banks to automatically pass on contractual benefits such as lower interest to those with floating rate home loans, or the rampant mis-selling of third-party products such as insurance.

The attached memorandum is the consensus view of a group of knowledgeable consumer activists, policy watchers, bankers, and trade unions, request urgent policy changes to ensure that banks treat bank customers fairly.

Dr Patel, we are confident you will have the memorandum examined and initiate action at the earliest. We look forward to active engagement and a line of acknowledgement from your office

Memorandum

The Reserve Bank of India (RBI) as the banking regulator has been proactive in improving the customer service rendered by banks. However, the RBI has not taken banks to task on the many customer-unfriendly practices that are increasing with impunity.

Over the years, the RBI has remained silent on several anti-depositor actions of banks. The Banking Ombudsman's rulings also tend to side with banks, making no attempt to observe the pattern of complaints which would amply bring out rampant mis-selling of insurance and wealth management products. We have identified some specific areas and request RBI's intervention to take corrective steps after engaging with customers.

1. Digital Payments: While the Union Government is pushing consumers into digital transactions, we are not adopting global best practices to protect consumers. On 11 August 2016 the RBI issued a draft circular on limiting customer liability and shifting the onus of proving customer fault on banks. RBI had sought feedback from public before 31 August 2016. However, it has not yet been converted into a Master Circular.

We feel that with the increased use of digital payments post the demonetisation drive, it is necessary to have in place a mechanism or system to protect customers from unauthorised banking transactions. A Master circular/ notification by the Reserve Bank on limiting liability in an unauthorised banking transaction will make a huge impact on protecting customers from frauds.

2. Bank Account Number Portability: We feel effective portability of bank accounts is a good anti-dote to several restrictive practices followed by the banks. This has been successfully implemented in the telecom sector and helped consumers. No practical portability option exists at present due to tie in primarily due to standing instructions for both incomes (pensions, annuities, dividends, interest) and expenses (utilities etc.) and the difficulties associated with changing those standing instructions.

Portability of loan exists on paper, but has to be made easier and seamless to execute without imposing fiscal and non-fiscal burden on the consumer.

The *Prime Minister's Awas Yojana* now provides interest subsidy to loan taken by eligible households. Allowing lenders to overcharge for such loan consumers is allowing them to appropriate this subsidy provided from taxpayers' funds. It is the duty of the government and regulators to ensure that the lenders do not appropriate this taxpayers' money by overcharging the borrowers and create barriers when the borrower wants to shift this loan.

3. Unfair agreements: Banks cannot have one-sided terms and conditions in their agreements with consumers. One-sided loan agreements with details buried in the fine print are bleeding customers. The Reserve Bank, in its communication must be specific about barring the levy of unfair charges otherwise bankers take undue advantage and fleece consumers. A basic model agreement must be prescribed by the RBI to limit banks from harming customers.

4. Charges: Frequent increase in charges and billing customers by stealth through opt-out clauses that are not noticeable must be stopped immediately. For e.g. HDFC Bank started levying charges for an invite only program, which unethically assumes that the customer is already in and willing to pay for it. The levy is stopped only when the consumer notices it and calls the bank to protest, this too is not an easy process.

5. Faulty Systems: Wrong emails being tagged by faulty algorithms of banks and finance companies, are leading to emails being sent to people who have no borrowing or accounts. This is a serious issue that will affect people's credit history; the use of such faulty algorithms and defeats the purpose of KYC and causes serious harassment.

6. Master Circular Changes: Frequent changes in the Master Circular or Notifications by RBI require banks to make changes in their Core Banking Systems. This leads to high IT costs, which are ultimately passed on to consumers. The RBI must restrict changes in its circulars to 4 times a year to keep costs in check.

7. Consumer Charter: The RBI issued the Charter of Customer Rights on 3 December 2014 recognising five basic rights of bank customers and asks banks to adapt and implement it after their Board's approval. These are: (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 Charter covers almost every problem that consumers were likely to face. Three years later, the RBI has not fixed timeframes for grievance redressal nor announced penalties for failure to treat consumers fairly, despite repeated appeals by consumer groups. Consequently, the Charter remains a toothless statement.

A Master circular/notification by the Reserve Bank giving teeth to the Charter of Customer Rights with clear provisions fixing timelines for redressal and escalation, penalty for negligent service and interest/compensation to customers for losses caused due to mis-selling is urgently needed.

Yours truly,

- Sucheta Dalal , Trustee Moneylife Foundation
- Debashis Basu, Trustee Moneylife Foundation
- Dhirendra Kumar, Foundation Value Research
- Abhay Datar, Mumbai Grahak Panchayat
- Sunil Bhandare, All India Bank Depositors Association
- C H Venkatachalam, General Secretary, All India Bank Employees Association
- Harsh Vardhan Roongta, Financial Expert and Advisor
- R N Bhaskar, Sr. Editor, Columnist
- Yogesh Sapkale, Director, Moneylife Foundation
- Dolphy D'souza, Convener, Police Reforms Watch
- Mahua Ghose, Consultant
- Partha Mansukhani, Public Concern For Governance Trust
- Lalita Joshi, Joint Secretary, All India Bank Employees Association
- Raj Vaidya, Central Bank Employees Union
- Advocate Bapoo Malcolm
- Shubhada Khandekar, Author
- A V Shenoy, Rashtriya Matadata Manch
- Gautam Mody, General Secretary, New Trade Union Initiative