**Subject Update**

**For Certificate Examination in Customer Service & Banking Codes and Standards**

**Charter of Customer Rights**

Reserve Bank of India (RBI) released a Charter of Customer Rights, which enshrines broad, overarching principles for protection of bank customers and enunciates the 'five' basic rights of bank customers. RBI has also 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.

According to a press release by RBI, all the scheduled commercial banks, regional rural banks and urban co-operative banks are expected to prepare their own Board approved policy incorporating the five basic rights of the Charter which, among other things, would contain a monitoring and oversight mechanism for ensuring adherence.

The policy, if needed, would have to be suitably dovetailed with the “Model Customer Rights Policy” proposed to be formulated by IBA/BCSBI.

The five basic rights of bank customers are as follows:

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1. **Right to Fair Treatment**

Both the customer and the financial services provider have a right to be treated with courtesy. The customer should not be unfairly discriminated against on grounds *such as* gender, age, religion, caste and physical ability when offering and delivering financial products.

1. **Right to Transparency, Fair and Honest Dealing**

The financial services provider should 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, should 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 financial services provider cannot threaten the customer with physical harm, exert undue influence, or engage in blatant harassment.

1. **Right to Suitability**

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.

1. **Right to Privacy**

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 it 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.

1. **Right to Grievance Redress and Compensation.**

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