

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3453

ANSWERED ON:15.12.2006

CODE OF CONDUCT FOR BANKS

Singh Deo Smt. Sangeeta Kumari;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

- (a) whether code of conduct for treatment of customers is being followed by the banks;
- (b) if so, the details thereof;
- (c) the number of cases registered in connection with violation of the said code during last one year; and
- (d) the action taken against the officials who violated the code of conduct?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a)& (b) : The Code of Bank's Commitment to Customers (Code) released by the Banking Codes and Standards Board of India (BCSBI) on July 1, 2006 sets out minimum standards of banking practices for banks to follow and emphasizes transparency in banks' dealings with its customers. To achieve the avowed transparency, it provides for documentation of banks' fees and service charges in the form of a Tariff Schedule and requires banks to set out a cheque collection policy, compensation policy and a security repossession policy. The Code lays great emphasis on providing full information to the customer before a product or service is sold to him. For post sale conduct, the code insists on banks giving one month's notice to customer before making any change in their tariff schedule or any change in terms and conditions governing the product, which may adversely affect the customer. The detailed Code is available on the BCSBI website (<http://www.bcsbi.org.in>).

As per the information furnished by RBI, the BCSBI has approved the membership of 60 scheduled commercial banks which cover more than 98% of the branch network of commercial banks in India. Any scheduled commercial bank deciding to become member of BCSBI has to commit itself to adopt the Code.

(c)& (d) : The banks that have accepted membership of the BCSBI are in the process of being compliant with the provisions of the Code within a mutually agreed time frame. The question of violation of the provisions of this Code will arise only after the said agreed time frame.