

**Ad hoc Committees on Procedures and Performance
Audit on Customer Services in Banks**

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December 3, 2003

To
All Scheduled Commercial Banks
(Excluding RRBs)

Dear Sir,

**Ad hoc Committees on Procedures and Performance
Audit on Customer Services in Banks**

Please refer to Paragraph 78 of the Statement on the Mid Term Review of Monetary and Credit Policy for the year 2003-2004.

2. In order to support broad-based improvement in customer services in relation to various banking services, each bank is advised to constitute an Ad hoc Committee to undertake procedures and performance audit on public services rendered by it. The Committee will be assigned with the following tasks:

- A. To look into simplification of procedures and practices with a view to safeguarding the interests of common persons, be they current or savings account holders, depositors or borrowers, from any unfair procedural practices by banks, e.g., delayed credit of interest, handling of deceased accounts, release of mortgage documents, reversal of erroneous entries in credit cards, updation of passbooks, transparency of charges levied on customers, unilateral debits in the customer accounts, foreign exchange transactions, etc.
- B. To review the systems in place for providing service to the customers in respect of: (i) meeting their demands for fresh/good notes and coins of all denominations, (ii) exchanging soiled notes, (iii) adjudicating mutilated notes, and (iv) accepting coins and notes either for transactions or in exchange.

- C. To review the regulations and procedures prescribed by RBI that impinge on customer service of banks and make suitable recommendations for elimination/rationalisation of the same especially keeping in view the need to drastically reduce the cost and improve the ease of conducting transactions both for banks and customers.
 - D. To examine whether the redressal mechanism in the bank is sufficiently responsive to customers on complaints and make recommendations for improvements.
3. The bank may give due publicity through the media and within the bank on the setting up of the Ad-hoc Committee and its membership.
4. The Ad hoc Committee constituted by each bank is expected to complete its work in six months from the date of its constitution and submit its Report to the RBI Standing Committee on Procedures and Performance Audit on Public Services.
5. Please acknowledge receipt.

Yours faithfully

(C.R.Muralidharan)
Chief General Manager-in-Charge