

**MOVING TOWARDS
AN EMPOWERED CUSTOMER**

Mrs. Usha Thorat



FORUM
of Free Enterprise

Editor's Note

It is commonly acknowledged that banking is a trust-based relationship. Equally importantly, it is predominantly a service oriented activity. But for decades, the quality of customer service in Indian banking remained poor, despite various efforts of the Reserve Bank of India to improve the same. And the reason was obvious - the dominance of public sector banks and the consequent absence of real competition.

With the unleashing of liberalization, competition and globalization, there has been since 1991 a radical transformation in the over-all business environment in the country. Simultaneously, there has been an on-going quiet revolution in the profile of Indian consumer - he is gradually realizing his status and power in the competitive market place. In substance, the sovereignty of consumers is gaining increasing recognition, which producers and suppliers of goods and services can afford to ignore only at their great peril.

In this context, it is, indeed, most appropriate for the Forum to publish an excellent speech delivered by Mrs. Usha Thorat, Deputy Governor of the Reserve Bank of India, on the occasion of M. R. Pai Memorial Award Function on the theme of "Moving towards an Empowered Customer." While paying our humble tribute to one of India's most enlightened consumer activists, we have been very fortunate in having Mrs Thorat to reflect on the fascinating subject of empowering the customer in the rapidly changing financial sector in India.

As is to be expected, Mrs. Thorat has covered the subject in a most comprehensive manner providing us the overview of international experience to begin with. It is interesting to find how the world over the institutional framework in the financial sector is evolving not only to make markets function in a responsive and responsible way, but how customers in the process are treated fairly and effectively.

*"Free Enterprise was born with man and
shall survive as long as man survives":*

- A. D. Shroff
1899-1965
Founder-President
Forum of Free Enterprise

MOVING TOWARDS AN EMPOWERED CUSTOMER

Mrs. Usha Thorat*

She then goes on to highlight the Indian experience with respect to customer service in banks with specific focus on several initiatives of the Reserve Bank of India, especially the setting up of Banking Codes and Standards Board of India (BCSBI) in July 2006; the Banking Ombudsman Scheme, which has been revamped in January 2006; the creation of Customer Service Department; the setting out of certain norms for determination of bank charges; and so on. She has also outlined the various model policy documents devised by Indian Banks' Association to facilitate banks to operate under liberalized financial environment.

But the most striking and incisive aspect of Mrs. Thorat's speech relates to as many as nineteen different tips, which she unfolds so that customer can ensure that he secures fair treatment from banks. Coming as they do from a person of such vast experience in the central banking institution and policy making, this is the most rewarding aspect of her speech not only for bank customers, but also for practicing bankers themselves. This part of her speech deserves all our acclamation, and needs to be given the widest possible circulation, for it truly helps in educating and empowering the customers on a variety of modern banking practices, products and services such as ATM, Credit Cards, etc.

While appreciating this very lucid exposition by Mrs. Thorat on the subject of empowering customer, the Forum takes this opportunity to compliment the Reserve Bank of India for the series of its initiatives to strengthen the financial sector in the country, and at the same time striving to infuse high standards of customer service with the goals of reliability, transparency and accountability. What is critical is the commitment of banks to their customers so that they are offered what they legitimately deserve. Equally importantly, customers have to be ever vigilant and educate themselves and demand what they deserve - that is the only way to enjoy in the competitive financial system that is perceived to be their new Charter of Rights!

S. S. Bhandare, Editor

I am delighted to be here amidst you today on the occasion of M. R. Pai Memorial Award Function and speak to you on the subject of an empowered customer, a person symbolised by the late M. R. Pai. As probationers who joined Reserve Bank of India (RBI) in 1972, the name of Shri Pai as President of All India Depositors Association became quite familiar to us, especially those working in the Department of Banking Operations and Development. His consumer activism encompassed several service areas such as telephones, airlines, banking and other services. He had worked tirelessly for the cause of customers in the years of controlled economy and at a time when consumer rights were yet to gain popularity. In the area of banking, his crusading efforts covered establishing customer's right to have nomination in bank accounts, restoring to customers moneys withdrawn from their accounts fraudulently, ensuring that banks had a strict drill before closing their lockers,

The author is currently Deputy Governor, Reserve Bank of India. The text is based on the lecture delivered at the 3rd M.R. Pai Memorial Award function in Mumbai on 27th June 2007. *The Award was sponsored by Punjab and Maharashtra Cooperative Bank Ltd. (a multi-state scheduled bank) and arranged by All-India Bank Depositors' Association (Mumbai) jointly with Forum of Free Enterprise, Indian Merchants' Chamber and M.R. Pai Foundation.*

establishing culpability for negligence in ensuring safety of bank lockers. He served on several high level committees on customer service issues, including the RBI Committee on Customer Service in banks - the Goiporia Committee, which made several important recommendations.

The theme of my talk today is best depicted by a quote from M. R. Pai himself. ***"Unless a citizen knows his rights and is willing to fight to assert them, he has no reason to complain"***.

I have structured my talk in three parts. Firstly, I will elaborate on international experience in the area of fair treatment of customers of financial services. Secondly, I will talk on the Indian experience and in the concluding part, I shall enumerate some simple guidance to customers on how they can ensure that they get treated fairly by the banks.

Part - I: International Experience

The significance of treating customers fairly and empowering them is now well recognised world over. In fact, financial sector regulation is now recognised as clearly consisting of two distinct parts. The first is the prudential regulation focusing on risks faced by the financial institutions, their capital adequacy and other measures to ensure sound financial institutions and markets. The second is the regulatory aspect of ensuring that consumers of financial services are getting treated fairly. The latter aspect ranges from ensuring transparency and that there is no mis-selling, that customers are appropriately informed, that products sold and advice given are suitable and in accordance with

what they have been led to expect, to ensuring a corporate culture that focuses on treating customers fairly.

United Kingdom

The UK has an elaborate institutional framework to ensure that customers are fairly treated. This frame work includes the financial regulator as well as other independent bodies. The **Office of Fair Trading** (OFT) is an independent competition and consumer protection authority, established as a statutory corporation. The OFT is responsible for making markets work well for consumers. The **Financial Services Authority** (FSA) is UK's financial regulator. Apart from authorising financial services firms and regulating them, the FSA accords utmost priority to ensuring that these firms treat customers fairly. The **Financial Ombudsman Service** (FOS) helps settle individual disputes between businesses providing financial services and their customers. **Banking Code Standards Board** (BCSB) monitors and enforces compliance with the Banking Codes to ensure that subscribers provide a fair deal to their personal and small business customers.

The high level of credit card default charges received the attention of the OFT in the last one year or so in the UK. There have been a spate of refunds by banks of such charges following advice from the OFT asking all credit card issuers to recalculate their default charges in line with the principles set out by it and to take urgent action where needed to reduce the level of credit card default fees. The OFT has also launched a market study into personal bank current account pricing, alongside a formal investigation into the fairness of charges for unauthorised overdrafts

and returned items. The study will help the OFT consider the current level and incidence of the charges in the broader context of efficiency, transparency, value and consumer choice within personal current accounts.

European Commission

The central role of consumer protection within the European Union (EU) is set out in the Treaty. The interests of consumers at EU level require that all markets across the European Member States (collectively the "internal market") work effectively. For the market to work effectively it should be competitive and deliver a fair deal to consumers. In view of the European dimension of consumer issues, legislation has been adopted at European level in order to provide consumers with a set of rights which they enjoy in all the Member States. While EU legislation (e.g. on unfair contract terms, misleading advertisement, distance selling and the sale of goods and guarantees, package travel and on time sharing) provide consumers with a set of rights, they need assurance that if things go wrong they can seek redress. The European Commission has responded with a number of initiatives aimed at addressing this issue by promoting access to simple, swift, effective and inexpensive legal channels.

United States of America

In the US, several Federal and State agencies are involved in addressing customer protection depending on whether the issue relates to a bank, savings and loan, or credit union. Customer education and handling of customer complaints is seen as a very important role of the Federal

Reserve System and the FDIC. An Ombudsman assists the FDIC in identifying relevant authority and resources, bringing parties together to clarify the issues, helping parties to explore options for agreement and solutions. Other agencies involved in customer protection are the Federal Trade Commission, the National Credit Union

Administration, and Office of the Comptroller of Currency and Office of Thrift Supervision.

Part - II: Indian experience - Customer service in banks

While even from early 70s, RBI had taken several important initiatives to improve customer service in banks, in the recent past, banking services to the common person has received specific attention with the setting up of the Committee on Procedures and Performance Audit on Public Services under the Chairmanship of S. S. Tarapore. Observing that there was a total disenfranchisement of the depositor, the Tarapore Committee, in its report of May 2004, had called for the reversal of this disenfranchisement and start of a process for empowering the customer. If the number of complaints is a measure of how empowered customers are becoming I would say that we have achieved a fair measure of success! The challenge now lies in ensuring effective redressal of complaints.

Banking Ombudsman Scheme

The RBI introduced the Banking Ombudsman Scheme in 1995 to provide an expeditious and inexpensive forum to bank customers for resolution of their complaints relating to deficiency in banking services. The Scheme was revised

in 2002 mainly to cover Regional Rural Banks and to permit review of the Banking Ombudsman's Awards against banks by the RBI. Presently, the Banking Ombudsman Scheme, 2006 is in operation with effect from January 1, 2006. Serving RBI officers have been posted as BOs and the scheme is fully funded by RBI. The scope of the Scheme has been enlarged to include customer complaints in certain new areas, such as credit card complaints, deficiencies in providing the promised services by banks' sales agents, levying service charges without prior notice to the customer and non-adherence to the fair practices code/code of commitment to banks, customers as adopted by individual banks. The Scheme is applicable to all commercial banks, regional rural banks and scheduled primary cooperative banks. The complainants can file their complaints in any form, including online.

Recently, the Scheme was amended to enable the bank customers to appeal to the RBI against not only Awards passed by the Banking Ombudsmen but also other decisions given by him in respect of the complaints falling within the grounds of complaints specified in the Scheme.

Under the revised Scheme, about 42,000 complaints were received during 2006. Out of a total of about 44,000 complaints (including about 2000 complaints brought forward from the previous year), around 21,000 complaints (48%) were resolved through mutual settlement and about 15,000 (34%) were found by the Ombudsmen to be outside the scope of the Scheme or without sufficient cause or any loss to the complainant. Further, the Ombudsmen had passed awards in 88 cases.

Complaint handling

Given the increasing volume of complaints, it is imperative that a robust complaint handling system is put in place. Banks are required to prominently display in their branches the name, address and telephone numbers of the controlling authority of the bank to whom complaints can be addressed. Banks are required to place on their websites, on the homepage itself, the complaint form, along with the name of the nodal officer for complaint redressal. The first point for redressal of complaints is the bank itself and complainants may approach the Banking Ombudsman only if the complaint is not resolved at the bank level within a month. The name and address of the concerned Banking Ombudsman is required to be indicated at all bank branches.

Review of complaints by Board and disclosures

In order to enhance the effectiveness of the grievance redressal mechanism in the banks, the banks have been advised to place a review of complaints before their Boards / Customer Service. Banks are required to disclose the brief details of complaints along with their financial results. Further, they are required to place a detailed statement of complaints and its analysis on their website for information of the general public at the end of each financial year. These measures aim at bringing about transparency on the subject of complaint handling at the banks.

Banking Codes and Standards Board of India (BCSBI)

Recognising an institutional gap in measuring the performance of the banks against codes and standards

based on established best practices, RBI has taken the initiative in setting up the Banking Codes and Standards Board of India (BCSBI). It is an autonomous and independent body, in the nature of a self-regulatory organisation. Banks register themselves with the Board as its members and provide services as per the agreed standards and codes. The Board in turn, monitors and assesses the compliance with codes and standards which the banks have agreed to. The Code of Banks' Commitment to Customers was released on July 1, 2006. The Code covers various aspects of transactions of individuals such as deposit accounts, interest rates, fees and charges, remittances, settlement of claims in respect of deceased account holders, loan products, safety locker, credit cards, guarantees, collection of dues and complaints and grievance redressal. While the Banking Ombudsman Scheme takes care of individual complaints, BCSBI focuses on the systemic issues.

As on date, out of 84 scheduled commercial banks, 67 banks have registered with the BCSBI indicating their intention to become members.

The BCSBI has just completed its first year of operation. During the year it has ensured that the banks furnish a copy of the Code to all their customers, including in vernacular languages; maintain a website containing various information on the Code, has provided faculty support to the banks to educate their staff on the Code, and has commenced field visits to the Head Offices of banks to assess the level of implementation of the Code and to identify the systemic gaps in customer service.

Creation of Customer Service Department

In order to bring together all activities relating to customer service in banks and RBI in a single department, the RBI has constituted a new department called 'Customer Service Department (CSD)'. The new department has helped in providing a sharper focus to customer service issues.

Measures for ensuring transparency/reasonableness of service charges

Some of the other important initiatives of the RBI in the recent past to ensure transparency and reasonableness of service charges levied by banks are:

Display, of service charges

Various representations received from the public about unreasonable and non-transparent service charges being levied by banks indicated that the existing institutional mechanism in the area of service charges is not adequate. In order to ensure transparency and fair practices in banking services, RBI has made it obligatory for banks to display and update, in their offices/branches as also on their websites, the details of various service charges in a prescribed format. The banks are also required to display the service charges and fees on the homepage of their website at a prominent place under the title of 'Service Charges and Fees' so as to facilitate easy access to the bank customers.

Working Group on reasonableness of bank charges

A Working Group was set up to look into the issue of reasonableness of bank charges, which submitted its Report

in August 2006. The Working Group identified twenty seven basic banking services relating to deposit accounts, loan accounts, remittance facilities and cheque collection and defined low value transactions for cheque collection and remittance upto Rs. 10,000 in each case and up to \$500 for forex transactions. The Working Group indicated broad principles of reasonableness based on lower rates for individuals as compared to non-individual entities, lower rates for special categories of individuals such as senior citizens, rural customers, pensioners etc, and on levying charges that are just and supported by reason. It also recommended providing individual customers upfront and in a timely manner, complete information on charges, as well as the proposed changes in charges, applicable to all basic services. Guidelines have been issued to the banks based on the recommendations of the Working Group and steps taken by the banks in this regard are being examined.

Credit card operations of banks

RBI had issued comprehensive Credit Card Guidelines relating to credit card operations of banks/NBFCs in November 2005. These guidelines aimed at encouraging growth of credit cards in a safe, secure and efficient manner as well as to ensure that the rules, regulations, standards and practices of the card issuing banks are in alignment with the best customer practices. These guidelines address issues relating to billing, use of Direct Selling Agents (DSAs) and other agents, protection of customer rights, customer confidentiality, and fair practices in debt collection, redressal of grievances, etc.

Fair Practices Code for Lenders

A Fair Practices Code for Lenders was formulated and communicated to banks by RBI in 2003 to protect the rightful interest of borrowers and guard against undue harassment by lenders. Certain modifications were done subsequently based on feedback received from different quarters. The banks are required to ensure that loan application forms, in respect of all categories of loans irrespective of the amount of loan sought, should be comprehensive and should include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower. Banks / FIs have been advised to work out a transparent policy in this regard with the approval of their Board. Further, the banks / FIs are required to ensure that, in case of all categories of loans irrespective of any threshold limits, including credit card applications, they should convey in writing, within stipulated time, the main reason/reasons which, in their opinion have led to rejection of the loan applications.

Excessive interest rates and charges

Based on feedback that excessive interest and charges were being levied on certain loans and advances, banks were advised to lay out appropriate internal principles and procedures so that usurious interest, including processing and other charges, are not levied by them on small value loans, particularly personal loans and such other loans of

similar nature. Banks are also required to fix appropriate ceiling on the interest, including processing and other charges that could be levied on such loans, which may be suitably publicised.

IBA's Model Policy Documents

With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI. To facilitate banks to operate in the liberalized environment, from time to time the Indian Banks' Association (IBA) has been devising model policy on areas of banking to serve as benchmark and also as guidance material to banks to formulate their own model policies. Recently, the IBA has drafted the following Model Policy Documents:

- *Model Policy on Collection of Cheques/Instruments*

This policy covers issues such as time period involved in collection of cheques and other instruments payable locally, at centres within India and abroad as also charges, compensation for delayed collection and cheques lost in transit.

- *Model policy for grievance redressal in banks*

This policy aims at treating the customers fairly at all times. It covers aspects such as dealing with the complaints and the process of escalation of unresolved complaints. The policy prescribes that the grievance redressal system should ensure that the redressal sought is just and fair and is permissible within the given framework of rules and regulations.

- *Model Compensation policy*

This policy of the bank is designed to cover areas relating to unauthorised debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers. The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank.

- *Model policy on Collection of dues and repossession of security*

Security Repossession Policy aims at recovery of dues in the event of default and not at whimsical deprivation of the property. The policy recognises fairness and transparency in valuation, repossession and realisation of security. All the practices adopted by the bank for follow up and recovery of dues and repossession of security should be in consonance with the law and should be done only after issuing due notice.

These Model Documents would help the banks in framing their own policy documents and banks could 'make

necessary changes to meet their business/operational requirements. Customers are, however, required to be guided by policy documents of respective banks.

Restoration of certain basic customer facilities

Passbooks to account holders

RBI was receiving representations from customers including senior citizens' associations that many banks have discontinued issuing pass books to Savings Bank Account holders (individuals). It was also pointed out that this decision of discontinuing the pass book system was taken by the banks unilaterally causing much inconvenience to the account holders. It also came to RBI's notice that these banks are issuing Statement of Account to Savings Bank account holders at quarterly intervals instead of at monthly intervals. A passbook is a ready-reckoner of transactions and is handy and compact and therefore, is far more convenient to the small customers than a statement of account. Banks have been advised to invariably offer pass book facility to all its savings bank account holders (individuals) and in case a bank offers the facility of sending statement of account and the customer chooses the option, it must issue statements of accounts at monthly intervals. The cost of providing such Pass Book or Statements should not be charged to the customer.

Cheque drop box facility

As per the existing instructions, banks are required to ensure that both the drop box facility and the facility for acknowledgement of the cheques at the regular collection

counters should be available to customers and no branch should refuse to give an acknowledgement if the customer tenders the cheque at the counters. However, RBI / Banking Ombudsmen have been receiving complaints that banks are compelling customers to drop the cheques in the Cheque Drop Box. Banks have been advised to strictly adhere to the instructions contained in the above circular and ensure that customers are not compelled to drop the cheques in the drop-box. Further, the banks are required to make the customer aware of both the options available to him so that he can take an informed decision in this regard. Banks have to invariably display on the cheque drop-box itself that 'Customers can also tender the cheques at the counter and obtain acknowledgment on the pay-in-slips'. The above message is to be displayed in English, Hindi and the concerned regional language of the State.

Measures for financial education

There has been a sincere realisation that lack of financial education on the part of customers of the bank has mainly contributed to rising number of complaints, especially against credit card operations and lending activities of banks. RBI is, therefore, according top priority for financial education which would ensure that the customers of banks take an informed decision. Individual banks have also started taking various steps such as 'financial education posters', 'short films' and websites etc. RBI has a section in its website titled 'For Common Person' wherein important customer service information is available in thirteen different languages.

Part III- How customer can ensure fair treatment from banks – some tips

As may be seen above, every effort is being made at RBI to ensure that the banks render good customer service. However, certain simple steps by the customers would go a long way in ensuring that they get treated fairly by banks. Based on our experience with certain common and frequent complaints received by us, I have listed certain points for customers, which I hope will go towards increasing awareness of customers and empowering them:

- (i) Every customer is required to be provided with a copy of the "Code of Bank's Commitment to Customers" which sets minimum standards of banking practices for banks to follow when they are dealing with individual customers. It provides protection to customers and explains how banks are expected to deal with you for your day-to-day operations. Media and customer organisations would do well to disseminate the contents of the code in innovative and creative ways.
- (ii) Banks charge penal interest for not maintaining average monthly/quarterly balances, which vary from bank to bank. Customers should read and understand the meaning of the phrase 'average monthly/quarterly balance' and act as per its requirements.
- (iii) Banks offer 'no frills' accounts with 'nil' or minimum balances. Such accounts have restricted applications and when opening them bank customers should ensure they meet the requirements.

- (iv) Banks have been advised to identify basic services and offer them outside the scope of bundled products. Banks have been advised to levy charges for basic services offered to individuals at rates that are lower than the rates applied when the same services are given to non-individuals for the same services. Even among individuals, banks have been advised to levy charges to special category of customers like those in rural areas, pensioners and senior citizens on more liberal terms than that applicable to other individuals.
- (v) Banks have been advised to lay out appropriate internal principles and procedures so that usurious interest are not levied by them on small value loans, particularly personal loans. An appropriate ceiling is also required to be fixed on the interest, including processing and other charges that could be levied on such loans. If customers find interest rates as excessive, they could take the matter with the bank concerned.
- (vi) Recognize that service charges and fees charged vary from bank to bank depending on the bundle of services offered by them. The banks display their service charges and fees on the homepage of their website and also in their premises.
- (vii) Customers need to be aware that banks offer certain products like cash/cheque drop facility, which are purely optional services. Customers can tender cheques/cash at the counters against acknowledgement. Banks are

expected to display these facts at the box used for dropping cheques:

- (viii) The time frame for cheque collection is prescribed in the cheque collection policy of banks, which is available in their website. Note that banks are required to compensate customers for delay, if any, without any demand for the same.
- (ix) Ask for a copy of loan documents for your record and reference. Read this document for details relating to rates of interest, EMIs, security etc.
- (x) Read and preserve all statements received from banks relating to your financial transactions. Study them for accuracy and bring to the notice of banks any discrepancy observed. RBI has asked banks to issue passbooks with transaction details to all its savings bank account holders; get them updated periodically.
- (xi) In the case of deficiencies in ATM transactions such as presence of forged notes, mutilated notes, less/no cash dispensed etc, make a complaint to the redressal officer, whose contact details are to be made available in the ATM premise. Banks have also been advised to tune up the internal operational mechanism.
- (xii) As credit card related frauds are on the increase, customers must take steps to protect their cards from being misused. For this they need to take good care of the card, not disclose their PIN (Personal Identification Number)/CVV (Card Verification Value)

number to others. Customers need to inform the loss of card immediately to enable the card issuing bank to block the same. They should carefully go through the 'Most Important Terms and Conditions' (MITCs), besides understanding the concepts of 'late fee', 'penal interest' and 'effective interest rate'. Please note that payment of the minimum amount due does not imply that the customer will be not charged interest on the outstanding amount.

- (xiii) RBI receives a number of complaints relating to receipt of unsolicited credit cards and bundling of other services/schemes (like insurance scheme etc) along with the credit card and debit of charges for the same though the customers have not applied for it. Customers may note that banks cannot assume implied consent in such cases. As a customer your explicit **acceptance/agreement** has to be taken before offering any product/service and debit charges for it.
- (xiv) Banks are required to use fair and legal methods for recovery of their dues. In case recovery agents call on customers at late hours or behave inappropriately, customers should take up the matter with the bank concerned.
- (xv) There are many complaints relating to promises made by DSAs but not kept by banks. These promises relate to getting free credit cards, no processing charges for loans etc Banks are be

responsible for the actions of their service provider including DSAs/ DMAs. Customers can take up these issues with banks for redressal, besides taking additional care while dealing with the DSAs, like insisting and obtaining photocopy of all the documents.

- (xvi) Customers need to regularly review their financial situation. Customers using loan products and credit cards need to ensure that they do not fall in to a debt trap. The short experience of the credit counselling centres indicate the sorry state of affairs of those with multiple credit cards/ credit facility and the effect of rolling over credit.
- (xvii) Customers need to be aware that their credit records updated frequently and shared among banks. Incidentally, in case customers find any error in the credit information compiled by credit information companies/institutions, they can take up the matter for rectification. As adverse credit report would affect the credit rating of customers and access to financial accommodation from banks, customers should take steps in their own interest to settle their dues promptly.
- (xviii) Banks are taking pro-active steps in Financial Education and Credit Counselling. They have started safe banking campaigns, credit counselling centres and debt counselling centres. Customers need to make full use of these arrangements which would be to their advantage.

- (xix) In case of grievances, customers should first approach the bank's internal grievance officer for redressal. In case the complaint is not resolved, customers may approach the Banking Ombudsman. The Banking Ombudsman endeavours to resolve the issue by conciliation failing which he passes an award. Customers not satisfied with the decision of the Banking ombudsman can approach the Appellate Authority for redressal.

Summing up, I believe that the customer service initiatives and other developmental activities initiated by the RBI over the years have, slowly but surely, started the process of empowering the bank customer. But as always, there is more to be done; I am sure with greater involvement of customers and the cooperation of organisations like the All India Bank Depositors Association, the RBI will be able to bring about greater empowerment of customers in the coming years.

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The views expressed in the booklet are not necessarily those of the Forum of Free Enterprise •

M. R. Pai

Mangalore Ranga Pai was a champion of public causes and a renowned consumer activist. Pai successfully fought innumerable battles for the consumer with the telephone department, banks, Indian Airlines and several institutions - long before consumer courts were set up under the Consumer Protection Act, 1986. Thanks to him thousands of telephone subscribers, bank depositors and consumers all over the country benefited.

Such was his stature that the *"Reader's Digest"* featured Pai on the cover of its October 1995 issue under the title *"M. R. Pai, Champion of the Consumer"*.

Pai, a gold medalist from the University of Madras, went on to complete his Master's Course in Journalism from the University of California at Los Angeles, where again he stood first. He was Assistant Editor of Times of India for a couple of years and also the first Public Relations Officer of New India Assurance Company for some time. In 1956 when the late, A.D. Shroff established the Forum of Free Enterprise to educate the public on economic affairs, Pai joined the Forum. He was its Secretary till 1976 and Hon. Vice-President from 1976 till 2003.

From 1957 till 2002 Pai was closely associated with the legendary Nani Palkhivala and in January 2002 wrote his book *"The Legend of Nani Palkhivala"*. He donated an amount of Rupees six lakhs received as royalty from the book to various organizations with which the late Palkhivala was associated. Pai was also author of several publications on consumerism and other subjects.

After Pai passed away on 3rd July 2003 the Punjab and Maharashtra Cooperative Bank Limited decided to institute an annual Award in his memory to be given to any consumer activist or journalist specializing in consumer affairs or any consumer organization. The Award winner is to be chosen by the All-India Bank Depositors' Association (Mumbai).

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good.

- Eugene Black

FORUM

of Free Enterprise

The Forum of Free Enterprise is a non-political and non-partisan organisation started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets, meetings, and other means as befit a democratic society.

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