

7. Customer Facilitation and Protection

The Indian payment systems have evolved over a period to accommodate customer convenience on a continuous basis. For redressal of deficiency in service, the bank customers have the following remedies under the existing framework of Indian Law:

- To approach civil courts;
- To approach Consumer Forums established under the Consumer Protection Act;
- To avail Customer Grievance Redressal Machinery provided within the banking system (such as the Banking Ombudsman and Customer Grievance Cells in banks etc.).

However, all these mechanisms are found to be time consuming. Therefore, for quick and effective resolution, Customer Facilitation Cells (CFC) will be setup by each system service provider. Similarly CCIL and other institutions will be expected to setup CFC for the services extended by them.

Clarity and certainty about the terms on which payments are effected on one hand and about the liabilities and responsibilities of the payment service providers on the other will go a long way in furthering customer confidence and protection of their rights. Therefore, banks will be encouraged to publicly and prominently disclose their payment service policies and the terms and conditions of effecting payments through them, the rate and fees, compensation for deficiency in service, the grievance redressal procedures, etc.

As innovative and new type of payment services and instruments become a reality, there is a corresponding need for making the customers aware of the benefits, and the possible risks in using them. Customer education and awareness campaign should be periodically and regularly conducted through the media by the banks, bankers' association and the Reserve Bank.

Keeping the above in view, it is proposed to initiate the following steps towards customer facilitation and protection during 2005-08:

Action Points:

1. Setting up Customer Facilitation Centre (CFC) by each payment service provider (RBI will set up an integrated CFC for RTGS, G-Sec, MICR Clearing, ECS and EFT systems operated by RBI)
2. Each payment service provider to disclose publicly its standards, terms and conditions under which the payment will be effected and also compensation policy and procedure for any deficiency in services

3. The Reserve Bank, the Indian Banks Association and the banks to undertake Customer Education efforts with regard to features and risks and liabilities of various payment services including electronic payment products, new products and services.