

DEPOSITOR EDUCATION AND AWARENESS FUND



The Reserve Bank of India (RBI) has initiated a Depositors Education and Awareness Fund Scheme in 2014 to protect the rights and privileges of depositors, given the vast sums of money deposited in savings and term deposit accounts. With over Rs. 60 lakh crore deposited by more than 800 million individuals in savings accounts and 150 million in term deposit accounts, ensuring the well-being of depositors is paramount.

To achieve this, the RBI organized a one-day workshop on January 29, 2018, in Indore, as part of a pilot program. The workshop aimed to educate and create awareness among depositors about the advantages of having a bank deposit account and their rights and privileges as depositors. A sample survey of 80 individuals from various segments of society was conducted to design the workshop.

Survey Findings:

The survey highlighted several rights and expectations that depositors have from their banks, including:

1. Assistance in Selecting Products: Banks should help customers, especially small depositors, choose products that suit their financial needs and explain the implications of their choices.

2. **Transparent Information:** Deposit products' salient features, interest rates, and account workings should be explained clearly, often in local languages.
3. **Account Statements:** Procedures for obtaining account statements should be explained, including any associated costs for frequent requests.
4. **Changes in Terms and Conditions:** Banks should inform customers about changes in product terms and conditions, allowing them to close their accounts without extra charges if changes are unfavorable.
5. **Communication Channels:** Customers should be informed about channels through which changes in interest rates or charges are communicated.
6. **ATM and Banking Charges:** Details about using ATMs, including charges, should be explained.
7. **Clearing Cycle:** Customers should know about check clearing cycles and when funds become available.
8. **Credit for Delayed Collections:** Customers should be aware of their eligibility for interest on delayed collections.
9. **Handling Unpaid or Outdated Cheques:** Procedures for dealing with unpaid or outdated cheques should be explained.
10. **Banking Ombudsman Scheme:** Details of the Banking Ombudsman Scheme should be provided.
11. **Tax Deducted at Source (TDS):** Customers should be informed about TDS deductions and provided with certificates.

The survey also revealed that while many depositors trust nationalized banks, there are concerns about various charges, misbehavior, and errors in transactions. Additionally, issues like ATM functionality, server failures, and freezing of accounts were reported.

Workshop Objectives:

The workshop aimed to address these concerns and objectives:

- Educate participants on the role of financial institutions and regulatory bodies in customer awareness.
- Promote the use of banking services and demystify Know Your Customer (KYC) norms.
- Raise awareness about mis-selling of banking products.
- Inform participants about their rights as depositors.
- Discuss financial planning, risk management, tax-saving, and grievance redressal mechanisms.

The workshop emphasized the need for empathy and understanding when dealing with customer issues and advocated for seamless and excellent customer service. It also explored communication strategies to educate depositors and enhance their financial literacy.

In conclusion, the workshop and survey shed light on the challenges and expectations of depositors in India, emphasizing the importance of educating customers about their rights, providing transparent information, and ensuring seamless banking experiences.

The workshop commenced with a ceremonial lamp lighting and a welcome address by the CEO, Ms. Arti Kushwah, who presented a PowerPoint presentation detailing the developmental history

of Priyasakhi Mahila Sangh, its present financial status, and the scope of its activities within its coverage area.

Dr. Smita Premchander, a visiting faculty member at IIMA and the Founder of Sampark in Bangalore, presented the findings of the survey, emphasizing the need for the workshop based on these findings.

The workshop featured a panel of facilitators with expertise in various fields:

- Mr. Satyendra Rajput, Manager, RBI
- Dr. Smita Premchander, Visiting Faculty, IIMA and Founder, Sampark, Bangalore
- Ms. Arti Kushwah, CEO, Priyasakhi Mahila Sangh
- Mr. Mukesh Bhatt, Lead Development Manager, Bank of India, Indore
- Mr. D.S. Yadav, Consultant Financial Literacy, Bank of India, Indore
- Mr. N.P. Tiwari, F.C. Dept., Bank of India
- Mr. B.L. Khandelwal, General Manager, NJGB
- Mr. Nilesh Trivedi, Assistant General Manager, MSME
- Mr. Sanjay Kumar Sharma, Manager, LIC

Participants from various segments of society attended the workshop, including individuals from private and government services, business and trading sectors, industries, media, NGOs, housewives, independent professionals, and retirees.

The workshop utilized a participatory approach to address the needs and problems faced by participants in managing their bank deposit accounts. The following methodology was employed:

8.1 Brainstorming / Technical Session:

- This session involved addresses by panelists and subject experts from banking and financial institutions.

8.2 Panel Discussion (Q & A):

- Participants engaged in a panel discussion where they could ask questions and seek clarification from the experts.

8.3 Skit Play:

- The workshop included skit plays to illustrate key concepts and scenarios related to banking and financial literacy.

During the technical session, Mr. R.K. Rao, CGM of NABARD, highlighted the innovative microfinance initiatives undertaken by NABARD. He explained how NABARD started with just 500 Self-Help Groups (SHGs) in 1992 and expanded to finance individuals from underprivileged

backgrounds, off-farm laborers, and tribal communities through SHGs, microfinance institutions (MFIs), and federations. Mr. Rao also discussed the E-Shakti portal, which provides transparency in financial transactions.

Subject experts covered a range of topics, including the benefits of bank accounts, government schemes linked to bank accounts, KYC norms, Aadhar linking, mobile banking, and safe banking practices. They also addressed concerns related to foreclosing charges on loans, font size in loan forms, and non-receipt of insurance policy documents.

The panelists emphasized the importance of understanding the terms and conditions of banking products, reporting frauds or issues to higher authorities, and following secure banking practices, such as not sharing confidential information over the phone. They also encouraged participants to use digital banking methods for convenience and security.

In conclusion, the workshop aimed to enhance financial literacy, educate participants about their rights as depositors, and provide practical guidance on managing their bank accounts and related services.

During the overview presentation, Mr. Satyendra Rajput, Manager at the RBI, expressed his gratitude and appreciation for the well-organized workshop. He acknowledged the significance of the journey towards customer education and empowerment, emphasizing the importance of collective commitment. Mr. Rajput stressed that the workshop's success was made possible by the support of everyone involved.

He emphasized the workshop's core goal: to educate customers, particularly vulnerable ones, on effectively utilizing the opportunities presented by the digital knowledge economy. He noted that while smartphone usage was on the rise, many individuals, especially those from vulnerable sections of society, remained unaware of its potential, especially in the context of digital banking and accessing essential government services. Making consumers digitally literate and empowering them to use the internet and mobile banking safely was seen as a significant challenge.

Mr. Rajput highlighted the RBI's commitment to promptly addressing customer concerns and complaints. He encouraged workshop participants to approach their respective banks' customer care centers first for problem resolution. If issues remained unresolved, they were advised to escalate the matter to the regional or zonal head of the bank. As a last resort, customers could approach the RBI for final resolution.

Recommendations and suggestions were put forth during the workshop:

1. **Clarity on Interest Application Frequency:** It was recommended that banks should clearly display their policies regarding the frequency of interest application and any changes in interest rates on a prominent notice board within branches.
2. **Tax Deduction at Source (TDS):** Participants suggested that banks should clarify their policies related to TDS on interest income. Specifically, whether TDS is applied on a calendar quarter basis or anniversary quarter basis, and when TDS is recovered.

3. **Display of RBI Guidelines:** Banks were encouraged to display RBI guidelines regarding the frequently changing interest rates on deposits for customers' reference.
4. **Streamlined Procedures for Senior Citizens:** It was proposed that paperwork for senior citizens should be minimized, as many senior citizens fall below the income tax bracket and rely on interest income. Complex paperwork for tax exemption or refunds can be challenging for them to navigate.
5. **Establishment of Helpdesk Corners:** Participants recommended the creation of helpdesk corners within nationalized banks to assist customers and depositors with government schemes and resolve issues related to their bank accounts.
6. **Improving Service Quality:** A focus on enhancing service quality through customer satisfaction initiatives and effective customer relationship management was suggested.
7. **Employee Training:** To ensure that bank employees are well-informed about amended rules and regulations when dealing with customers, ongoing training and updates were recommended.
8. **Expansion of Depositor Education Workshops:** The need for more workshops aimed at educating and raising awareness among depositors, spanning all demographic groups and categories, was emphasized.

In summary, the workshop underscored the importance of educating and empowering customers, especially the vulnerable sections of society, in the digital banking era. It also emphasized the RBI's commitment to addressing customer concerns and complaints, promoting transparency in banking operations, and ensuring the welfare of depositors.