

Provisions of sale incentives leading Bankers to mis-sell Financial Products

Jaipur, 20th February, 2015.

67% consumers of financial services feel that provision of incentives lead to Bank Staff providing wrong information or mis-selling of the financial products while 56% are unaware of existence of grievance redressal systems. These were some of the findings of a study conducted by CUTS in partnership with Consumers International (CI) and Which?, UK.

81% of bank respondents accepted that sales of financial products are the basis of incentives and/or award to banking staff. 42% bankers accepted putting more efforts in selling of the products having more incentives for them. 76.3 % banker feels that there is a pressure on them to achieve sales targets set out by the bank. The findings were shared by Project Coordinator Amarjeet Singh during the National level Dissemination cum Advocacy meeting was organized today at Hotel Jaipur Palace.

The research was conducted across five major cities of India i.e. Delhi, Kolkata, Mumbai, Chennai and Jaipur to collect experiences of financial consumers and bank officials about the impact of sale incentives provided to banking staffs. The research was part of project of CUTS International to achieve better eco-system for consumers to make right choice in their financial planning with support from Consumers International (CI) and Which? UK.

Referring to the RBI Charter on Customer Rights, George Cheriyan, Director, CUTS International said that under the Right to Suitability of the RBI Charter, the onus of providing suitable product for the consumer lies on the provider of financial services. He hoped, if properly enforced, this will help in address in the mis-selling. Amarjeet Singh, Project Coordinator, CUTS through a presentation shared the project brief and research findings.

Speaking at the event, Dharmendra Azad, AGM, Department of Banking Supervision, Reserve Bank of India (RBI) said that banks need to be transparent in their operations and ensure suitability of product sold to consumers. Chairman Mumbai Grahak Panchayat, Shirish Deshpande said that bankers are becoming product centric instead of customer centric and this culture need to change. R.K. Meena, AGM, State Level Bankers Committee (SLBC) stressed upon the need of financial literacy of banks along with consumers to avoid the misspelling.

It followed up with a Panel Discussion chaired by D. C. Anjaria, Director, Indian Institute of Financial Services, Ahmedabad, where other speakers were Ashim Sanyal, from VOICE, New Delhi, Adv. A Asokan, from FEDCOT, Chennai and Jai Singh Kothari, from Nafa Nuksan.

The programme was well attended by participants from various banks, SEBI, consumer activists, media and civil society organisations from various parts of India.

For further information

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