

Grassroots Reachout & Networking in Rajasthan through Consumer Action
(GRANIRCA)

World Consumer Rights Day 2011
Report of the Public Event
March 16, 2011, Jaipur, India

Consumers for fair
financial services



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Background

'World Consumer Rights Day' (WCRD) is an annual occasion for celebration and solidarity within the international consumer movement. The theme for 2011 WCRD is 'Consumers for Fair financial Services' which advocates for fair and competitive financial services. Each year, the global economy creates an estimated 150 million (15 crore) consumers of financial services and most are in developing countries, where consumer protection and financial



literacy are still in their infancy. Consumers have been getting a bad deal on financial services for too long and the recent global recession had further worsened the situation.

The global dimension of financial services and the increasing interdependence of financial markets, as well as the common challenge of

effectively regulating complex and fast moving markets in financial consumer services, adds to the urgency for better regulation of such practices.

The G20 has also acknowledged the importance of financial consumer protection at the recent summit in Seoul, after the global consumer movement highlighted the issue through a campaign. In the Seoul Action Plan, the Financial Stability Board (FSB) has been assigned the task to work with other international organisations on investigating ways to advance financial consumer protection, and reporting back to the G20 summit to be held in France in 2011.

Event

CUTS Centre for Consumer Action, Research & Training (CUTS CART) organised a public event in Jaipur, on March 16, 2011 on the occasion of WCRD under the project 'Grassroots Reachout & Networking in Rajasthan through Consumer Action (GRANIRCA) in partnership with the Department of Consumer Affairs, Government of India and in collaboration with Department of Consumer Affairs, Government of Rajasthan

For more details, please visit www.cuts-international.org/cart/granirca

The main objective of this event was to join with consumers around the world to demand access to safe, fair and competitive markets in financial services for all and also to show solidarity within the international consumer movement.

Participants

54 Representatives of civil society organisations (CSOs), non-governmental organisations (NGOs), 12 district partners from Rajasthan, representatives from service providers like banks etc and media were present.

Key Speakers

The event was enlightened by **S N Panda**, General Manager, Reserve Bank of India (RBI), Jaipur circle; **K Sundari** Deputy General Manager, Office of Banking Ombudsman (BO), Jaipur; Justice **Vinod Shankar Dave**, former Chairman, Rajasthan State Consumer Disputes Redressal Commission; **S N Senapati**, AGM, Banking Ombudsman Office, Jaipur and **George Cheriyan**, Director, CUTS International and Head, CUTS CART as the privileged and honoured speakers.

Proceedings *(Please see the agenda)*

⇒ **Deepak Saxena, Programme Officer**, CUTS welcomed the dignitaries and participants and mentioned about the objective of the meeting. He said the World Consumer Rights Day (WCRD) is observed each year on March 15. March 15 is the day in 1962, John F. Kennedy, President of United States of America made the historic address to the US congress on the rights of the consumers.



⇒ **George Cheriyan**, in his opening remarks, said ‘Consumers for Fair Financial Services’ is the theme for the WCRD. The theme is in line with the campaign at the international level for fair financial services and financial consumer protection, and also in continuation to the theme of WCRD 2010 i.e ‘Our money, our rights’. The theme has two parts, one is access to financial services and the other is that the services have to be fair. He said hence the theme covers the whole spectrum of ‘financial inclusion’ as well as the ‘financial consumer protection’.



He said, the financial inclusion is defined as ‘*The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost*’ (C. Rangarajan, Chairman, Committee on Financial Inclusion, 2008)

Referring to the status of 'access to financial services' in India, George said as per a study of 2009 only 40% people are having check-in accounts, only 13 percent use ATM & Debit cards, only 2 % use credit cards and only 10 percent possess life insurance. 5.2 percent villages in India are having a bank branch. He further said, there are approximate 752 million mobiles users (as on Feb. 2011) in India but out of that only 54 percent of them have their bank accounts. Uses of innovative technologies and alternative business models such as micro-finance institutions (MFIs), cooperative societies, internet-based non-bank financial services (including money transfers), mobile-phone-based financial services etc. should be adopted to provide easy access to financial services by the common people. He laid stress on the financial inclusion of poor, migrated, disadvantaged and marginalised people. Many a times, they struggle to open a bank account due to absence of proper identification or address proof.

Hidden or inflated charges, unfair contract terms and conditions, undisclosed level of financial risk passed to the consumer, violation of data privacy, after-sale customer service falling below expectations, aggressive or invasive sales techniques, breach of contract by the service provider, failure to deliver the services and exclusion from services are some of the major concerns with regard to financial services.

He also stated that the **G-20 summit** 2010 held in Seoul acknowledged the need for consumer financial protection and Financial Stability Board (FSB) is tasked with working together with international consumer organisations on investigating ways to advance financial consumer protection, and reporting back to the 2011 G20 summit in France. CUTS is part of this campaign with Consumers International. Thus, the recommendations received from this event would be of utmost importance.

⇒ **K Sundari** presented an overview of Banking Ombudsman and mechanism of seeking redressal.



While beginning her speech, she quoted **Mahatma Gandhi** *A customer is the most important visitor on our premises; he is not dependent on us. We are dependent on him. He is not an interruption in our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favor by serving him. He is doing us a favor by giving us an opportunity to do so.*

Delivering the functioning details of Banking Ombudsman, she spoke that any one can approach with problem related to banking sector but the Banking Ombudsman take the case into consideration only when the complainant already tried to take redressal for

his/her grievances from the service providers and they failed to provide the same. If complainant is not satisfied with the given decision of Banking Ombudsman he/she can further take the complaint to the appellate authority, which is chaired by Deputy Governor of Reserve Bank of India (RBI). Banking Ombudsman deals with a pecuniary jurisdiction of only those complaints, where the compensation sought is not more than `10 lakh and that Banking Ombudsman Scheme is speedy and inexpensive. She lauded CUTS' efforts for taking initiative to aware consumers about their rights.

⇒ Better access and good affordability of financial services in India is still a dream in this modern era where the global economy adds around 1.5 crores new consumers of financial services every year. This was highlighted by **S N Panda**.



Putting his viewpoint on the theme of the event 'Consumers for Fair Financial Services' Panda emphasised on the problem of poor awareness and accessibility among consumers about the banking sector. He stated that consumers should get better and fair financial services. He also briefed about the RBI's

mission of achieving 100 percent financial inclusions by 2012. In India, there are approximately 6 lakh villages and out of them only 3,000 are having bank branches. India is having more than 60,000 different bank's branches. He mentioned various initiatives taken by RBI in generating financial literacy. Panda laid importance on the versatility of the banking scheme – any time and anywhere banking facility with the help of technology.

He told that RBI would be issuing licenses to few more upcoming banks by imposing a condition on them 'that they have to open at least 30 percent of their total bank branches in villages.

⇒ Justice **Vinod Shankar Dave** shared his personal and professional experience of legal field and emphasised on behavioural aspects of consumer and service provider relationship and constraints due to ignorance. Being the most experienced and having expertise in legal field, he pointed out the situation of the common person, even after enactment of laws. He expressed grief on the insufficiency of the system.

He was in the favour of adding Fundamental Duties as a subject and not a chapter and subject should be made compulsory for students so that they know about their duties. He compared the standards of Indian financial services to that of developed countries and concluded that India still lags far behind in providing fair, fast and transparent financial services. The service provides in India are pathetic and it is difficult for consumers to get fair and transparent services.



He appreciated the micro-finance initiatives taken up by non-governmental organisations (NGOs) in rural areas.

⇒ **S N Senapati** laid importance on the role of regulatory bodies such as Securities and Exchange Board of India, Insurance Development Regulatory Authority and RBI. He briefed about fairness and transparency in contracts in relation to availability, accessibility and affordability of services rendered to consumers.



He told that regulatory bodies should ensure fairness and transparency in contracts between service providers and consumers. There is a need for revolution in the Banking Sector, which would only happen with the support of telecommunication services, as these are cheaper and more accessible.

Deepak Saxena, had done the comparing and Amarjeet Singh, Project Coordinator, CUTS had summed up and proposed the vote of thanks.

Related media clippings can be viewed at:

http://www.cuts-international.org/cart/GRANIRCA/Public_Event-Observe_World_Consumer_Rights_Day_2011.htm#media