Circulars/Notifications - Banking Conduct & Consumer Protection Department

BC&CPD Circular Letter No. 02 of 2021 **July 13, 2021**

The President/ Chief Executive,
All Banks/ MFBs/ DFIs

Dear Sir/Madam,

Instructions to Further Strengthen Consumer Grievance Handling Mechanism

State Bank of Pakistan (SBP) recognizes that effective and efficient Consumer Grievance Handling Mechanism (CGHM) is a crucial element of Fair Treatment of Consumer (FTC) regime. Accordingly, various measures have been taken by SBP to enhance responsible complaint handling by the banks/MFBs/DFIs (hereinafter referred as banks) like issuance of detailed guidelines on consumer grievances handling mechanism vide BC&CPD Circular No. 1 of 2016, introduction of conduct assessment framework vide BC&CPD Circular 3 of 2016, supervisory assessments of complaint handling and increased consumer awareness. Recently, a detailed review of complaint handling practices at banks was also conducted focusing on the qualitative aspects of 'ease of lodgment', 'capacity and resources', 'recording and processing' and 'monitoring'. In light of the review, following instructions on the consumer grievance handing mechanism are being issued.

1. In order to enhance ease in complaint lodgment, banks are advised to ensure that following mandatory modes are available for complaint lodgment at all times for convenience of the customers:

    a. Call Center
    b. Email
    c. E-forms
    d. Surface Mail
    e. Fax
    f. Complaint boxes/Registers

2. In addition to mandatory modes of complaint lodgment, banks are encouraged to invest and focus on adopting innovative modes of complaint lodgment that best suit their customer profile e.g. complaints lodgment through SMS/ call back service/ mobile application, self-service kiosks, social media platforms like Twitter, Facebook and WhatsApp, etc. Moreover, the consumers who have no customer relationship with the bank should not be refused to lodge a complaint relating to a bank service for which a bank account is not required.

3. In addition to the existing requirements of consumer awareness about complaint lodgment and handling procedures, banks will send SMS atleast on bi-annual basis to all of their customers specifically informing them about the modes of complaint lodgment.

4. All complainants must be provided with complaint tracking number through SMS and emails. The tracking number must not be given through calls alone. Further, it should preferably be auto generated. Similarly, the complainants must be adequately informed about the modes through which they can track status of their complaints.

5. The resolution of the complaints/ final replies should be centralized so that the nature of disposal/ decision made can be tracked for analysis. It is encouraged if the same is entered in or integrated with Complaint Management System (CMS). Further, final responses must be communicated in writing and not only through calls, especially in cases where the complaint is declined. In case of complaint lodged in Urdu, the banks are advised to respond in the same language.

6. The regulatory returns template prescribed under BC&CPD Circular No. 1 of 2016 have been revised in light of the need for improved data quality and industry feedback. The revised complaint categories must be adopted as bare minimum requirement. In case of more categories defined by the banks internally, same must be mapped with regulatory categories for reporting purposes for consistency and accuracy. The classification of complaints in appropriate category should be monitored regularly. The change in category of complaint in the CMS may be allowed with caution so that it may be reviewed by senior officer in hierarchy and corrective action may be taken later, where required. Further, the quarterly reporting on the aforementioned templates must be submitted to Director, Banking Conduct & Consumer Protection Department after review and endorsement by FTC owner of the bank and Head of Compliance respectively.

7. The banks should segregate the categories of complaints in major and minor nature. These should be properly incorporated in CMS and the Turn Around Time (TAT) should also be monitored accordingly. The major categories of complaint may be those that require more than 7 working days for resolution as per the turnaround time requirement given in BC&CPD Circular No. 1 of 2016, whereas, minor categories may be resolved within 7 working days. Banks may further bifurcate minor nature of complaints into two categories. i.e. a) Resolution within 3 working days b) Resolution within 7 working days. The complaints that may be categorized to be resolved within 3 working days may include small issues like non-delivery of statement of account, activation of account/ internet banking, chequebook issuance, change of address, etc.

8. Banks will ensure that the complaint handling function/ department is adequately supported in terms of human resources, IT needs, trainings, etc.

9. Banks should ensure availability of feedback mechanism on complaint resolution and grievance handling mechanism.

10. The compliance of the above instructions should be ensured by September 30, 2021. Further, the revised template attached herewith must be submitted within 15 days after close of each quarter. The first data on revised templates will be submitted by January 15, 2022 based on data for December Quarter 2021.

Annexure A – Complaint Category Template
Annexure B – Overall complaint performance Template

Yours truly,

Sd/-

(Asif Mahmood)
Director

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