

**Draft Study Material**



ublished

# **BUSINESS CORRESPONDENT/FACILITATOR**

**(QUALIFICATION PACK: Ref. Id. BSC/Q8401)**

**Sector: Banking Financial Services and Insurance**

**(Grade XII)**



**PSS CENTRAL INSTITUTE OF VOCATIONAL EDUCATION**  
(a constituent Module of NCERT, under Ministry of Education, Government of India)

**Shyamla Hills, Bhopal- 462 002, M.P., India**  
<http://www.psscive.ac.in>

© PSS Central Institute of Vocational Education, Bhopal 2024

No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the publisher.

PSSCIVE Draft Study Material © Not to be Published

## Preface

Vocational Education is a dynamic and evolving field, and ensuring that every student has access to quality learning materials is of paramount importance. The journey of the PSS Central Institute of Vocational Education (PSSCIVE) toward producing comprehensive and inclusive study material is rigorous and time-consuming, requiring thorough research, expert consultation, and publication by the National Council of Educational Research and Training (NCERT). However, the absence of finalized study material should not impede the educational progress of our students. In response to this necessity, we present the draft study material, a provisional yet comprehensive guide, designed to bridge the gap between teaching and learning, until the official version of the study material is made available by the NCERT. The draft study material provides a structured and accessible set of materials for teachers and students to utilize in the interim period. The content is aligned with the prescribed curriculum to ensure that students remain on track with their learning objectives.

The contents of the modules are curated to provide continuity in education and maintain the momentum of teaching-learning in vocational education. It encompasses essential concepts and skills aligned with the curriculum and educational standards. We extend our gratitude to the academicians, vocational educators, subject matter experts, industry experts, academic consultants, and all other people who contributed their expertise and insights to the creation of the draft study material.

Teachers are encouraged to use the draft modules of the study material as a guide and supplement their teaching with additional resources and activities that cater to their students' unique learning styles and needs. Collaboration and feedback are vital; therefore, we welcome suggestions for improvement, especially by the teachers, in improving upon the content of the study material.

This material is copyrighted and should not be printed without the permission of the NCERT-PSSCIVE

Deepak Paliwal  
(Joint Director)  
PSSCIVE, Bhopal

Date: 20 June 2024

## STUDY MATERIAL DEVELOPMENT COMMITTEE

### Members

**Abhishek Kumar Singh**, Assistant Professor (Contractual), Department of Business and Commerce, PSSCIVE, Bhopal (M. P.).

**Deeksha Chaurasia**, Assistant Professor (Contractual), Department of Business and Commerce, PSSCIVE, Bhopal (M. P.).

**Jitendra Kumar Sharma**, Associate Professor, Department of EAFM, LBS Govt. College, Kotputli, Jaipur (Rajasthan).

**Jitendra Sharma**, Knowledge Advisor, Impact Educare and Training Pvt. Ltd

**Rahul Dubey**, Regional Manager, Save Solutions Pvt. Ltd.

**Sangamesh Hugar**, Assistant Professor, Department of Business and Commerce, PSSCIVE, Bhopal (M. P.).

### Member Coordinator

**Punnam Veeraiah**, Professor and Head, Department of Business and Commerce, PSS Central Institute of Vocational Education, (NCERT), Bhopal.

## Table of Contents

Sr. No.	TITLE	PAGE No.
<b>1.</b>	<b>MODULE 1: BANKING TRANSACTION</b>	<b>01</b>
	Learning Outcomes	02
	Module Structure	02
	Session 1: Deposit Transactions	02
	Activities	05
	Check Your Progress	08
	Session 2: Cash Withdrawal Transactions	10
	Activities	14
	Check Your Progress	16
	Session 3: Account Transfers	18
	Activities	24
	Check Your Progress	27
	Session 4: Payments from Bank Accounts	30
	Activities	35
	Check Your Progress	36
<b>2.</b>	<b>MODULE 2: BANKING SERVICES TO CUSTOMER</b>	<b>39</b>
	Learning Outcomes	40
	Module Structure	40
	Session 1: Loan and Mortgage Services	40
	Activities	47
	Check Your Progress	48
	Session 2: Wealth Management Services	50
	Activities	55
	Check Your Progress	57
	Session 3: Customer Services	60
	Activities	64
	Check Your Progress	65
	Session 4: Recovery and Defaulter Management Process	67
	Activities	72
	Check Your Progress	73

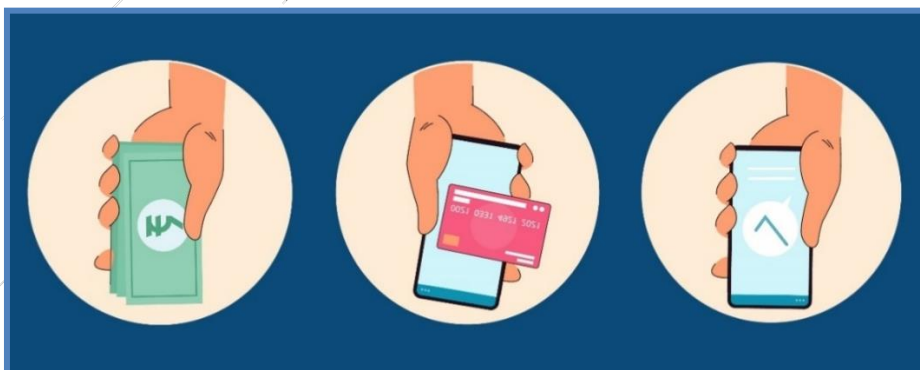
<b>3.</b>	<b>MODULE 3: CUSTOMER-CENTRIC SERVICE ORIENTATION</b>	<b>77</b>
	Learning Outcomes	78
	Module Structure	78
	Session 1: Communication with Customers and Colleagues	78
	Activities	84
	Check Your Progress	86
	Session 2: Sensitivity in Behaviour	88
	Activities	91
	Check Your Progress	93
	Session 3: Communication at Workplace	95
	Activities	102
	Check Your Progress	103
	Session 4: Maintain Service Orientation and Implementation	105
	Activities	114
	Check Your Progress	115
<b>4.</b>	<b>MODULE 4: INTEGRITY ETHICS AND TEAM WORK IN BANKING</b>	<b>118</b>
	Learning Outcomes	119
	Module Structure	119
	Session 1: Integrity in Banking	119
	Activities	130
	Check Your Progress	133
	Session 2: Protecting Customer Information	136
	Activities	143
	Check Your Progress	145
	Session 3: Ethical Practices of Banks	148
	Activities	153
	Check Your Progress	154
	Session 4: Developing Team Climate in Banks	156
	Activities	167
	Check Your Progress	168
<b>5.</b>	<b>Answer Keys</b>	<b>171</b>
<b>6.</b>	<b>Glossary</b>	<b>184</b>

**MODULE 1****BANKING TRANSACTIONS****Module Overview**

Cash is money in the physical form of currency, such as coins and banknotes. The English word **cash** came from the Italian word for "strong box" (a box in which money was kept) and its actual meaning is "money box", and later it became simply 'money'. Cash is viewed either as a reserve for payment, in the case of a structural or conditional negative cash flow, or financial markets, but to avoid recession.

Banking transactions encompass a wide range of activities conducted by individuals, businesses, and institutions through banks. These transactions facilitate the movement of funds, financial management, and various banking services. These transactions collectively form the backbone of banking operations, providing individuals and businesses with the means to manage their finances, access credit, and engage in economic activities. The evolution of technology has significantly transformed the landscape of banking transactions, making them more efficient, accessible, and secure.

Traditionally, cash is used for transactions (Fig. 1.1). And sometimes, big transactions require huge amounts of coins or banknotes. And this leads to another problem to handle such a massive quantity of coins or banknotes. We know that currency notes have a certain age and can be easily damaged and currency notes are not printed for free. Hence it becomes an additional burden for the economy. People have to go to the bank every time to do any banking transaction and transactions are a major problem for people living where there is no banking facility. And the solution to these problems is cashless transactions; it's a new concept in banking.



**Fig. 1.1: Cash and Cashless Transaction**

A cashless transaction that is not carried out with money in the form of physical banknotes or coins, but rather through the transfer of digital information (usually an electronic representation of money) between the transacting parties. A cashless transaction can do with Credit and Debit cards, Unified Payment Interface (UPI), Digital currencies such as - Bitcoin. So, there is no need for cash or to go bank for the transaction.

This module focuses on Banking Transactions. The first session covers the Deposit Transactions, the second session deals with cash withdrawal transactions, the third session discusses Account Transfers, and the fourth session explains Payment from Bank Accounts.

### **Learning Outcomes**

After completing this module, you will be able to:

- Accurately identify and perform different types of deposit transactions, including cash deposits and check deposits, understanding the steps and requirements for each.
- Demonstrate how to withdraw cash from their bank accounts using various methods.
- Execute inter-account and inter-bank transfers, learning to use online banking platforms and understanding the implications of transfer fees and processing times.
- Make different types of payments from their bank accounts, including bill payments, electronic fund transfers (EFTs), and using payment services like debit cards and online payment gateways, while managing their account balance responsibly.

### **Module Structure**

Session 1: Deposit Transactions

Session 2: Cash Withdrawal Transactions

Session 3: Account Transfers

Session 4: Payments from Bank Accounts

### **Session 1: Deposit Transactions**

Indian banks now offer both cash and cashless transactions. This session explained the deposit transactions, types of deposits, deposit insurance and deposit insurance and Credit Guarantee Corporation. Under regular banking



transactions, deposit withdrawals, cash withdrawals money transfers fund transfers, and pay loan insta.

### **MEANING OF DEPOSIT TRANSACTIONS**

Deposit transactions refer to financial activities where individuals or organizations place money or assets into a bank, financial institution, or another type of account for safekeeping, investment, or future use. These transactions typically involve two parties: the depositor (the person or entity making the deposit) and the depository institution (such as a bank or credit union) that receives and holds the deposited funds.

### **TYPES OF DEPOSIT WITH LATEST INTREST RATES**

The types of deposit accounts and their interest rates can vary significantly depending on the country, the financial institution, and the prevailing economic conditions. Interest rates can also change frequently due to economic factors and central bank policies. So, it's essential to check with specific financial institutions or the latest financial news for the most up-to-date information:

- 1. Savings Accounts:** Savings accounts typically offer lower interest rates than other deposit accounts, but they provide easy access to customer's funds. Interest rates on savings accounts are usually variable and can range from near 0% to a few percentage points.
- 2. Checking Accounts:** Checking accounts often offer minimal to no interest on balances. They are primarily used for day-to-day transactions and payments.
- 3. Certificates of Deposit (CDs):** CDs are time deposits with fixed terms, such as 6 months, 1 year, 5 years, or more. Longer-term CDs generally offer higher interest rates compared to shorter-term ones.
- 4. Money Market Accounts (MMAs):** MMAs are similar to savings accounts but typically offer higher interest rates. They may require higher minimum balances and limit the number of withdrawals per month.
- 5. High-Yield Savings Accounts:** Some banks and online financial institutions offer high-yield savings accounts with competitive interest rates, often exceeding those of traditional savings accounts. Rates can vary but may range from 0.5% to 2% or higher, depending on market conditions and the institution.
- 6. Online Savings Accounts:** Online banks often offer competitive interest rates on their savings accounts due to lower overhead costs. Interest

rates on online savings accounts can varied depending on the bank and current market conditions.

**7. Fixed Deposit Accounts:** In many countries, fixed deposit accounts are similar to CDs and offer higher interest rates for fixed terms. Rates can vary widely by country and currency.

**8. Foreign Currency Accounts:** Banks offer foreign currency deposit accounts, allowing customers to hold and earn interest on deposits in currencies other than their local currency. Interest rates on foreign currency accounts depend on the specific currency and market conditions.

### **DEPOSIT INSURANCE**

Deposit insurance is a financial safeguard provided by governments or government-backed agencies to protect depositors' funds held in banks or financial institutions. The primary purpose of deposit insurance is to maintain confidence in the banking system and prevent bank runs by assuring depositors that their money is safe even if the bank experiences financial difficulties.

#### **Deposit Insurance and Credit Guarantee Corporation (DICGC)**

The Deposit Insurance and Credit Guarantee Corporation (DICGC) is a statutory body in India that provides deposit insurance to depositors in Indian banks. DICGC was established under the Deposit Insurance and Credit Guarantee Corporation Act, 1961, and it operates as a subsidiary of the Reserve Bank of India (RBI), the country's central bank.

- 1. Deposit Insurance:** DICGC offers insurance coverage to depositors' funds held in commercial banks, cooperative banks, and regional rural banks in India. This insurance coverage protects depositors in case the bank fails or faces financial difficulties.
- 2. Coverage Limit:** DICGC provides insurance coverage up to a maximum of Rs. 5 lakhs per depositor in a bank. This means that if a bank fails, each depositor is eligible to receive up to Rs. 5 lakhs as compensation for their deposits in that bank.
- 3. Types of Deposits Covered:** DICGC covers various types of deposits, including savings accounts, current accounts, fixed deposits, recurring deposits, and other types of term deposits. It also covers certain types of deposits in cooperative banks.
- 4. Bank Types Covered:** DICGC covers both commercial banks (public and private sector banks) and cooperative banks in India. Cooperative

banks are further categorized as urban cooperative banks and rural cooperative banks.

- 5. Automatic Coverage:** Depositors do not need to apply for DICGC coverage separately. It is automatically provided to all depositors in eligible banks.
- 6. Premiums:** Banks pay premiums to DICGC based on the amount of deposits they hold. These premiums are used to fund the deposit insurance scheme.
- 7. Banking Regulations:** DICGC's operations are closely tied to the banking regulations and oversight provided by the Reserve Bank of India (RBI). The RBI supervises and regulates banks in India to ensure their financial stability.
- 8. Financial Stability:** DICGC plays a vital role in maintaining confidence in the Indian banking system. It helps prevent bank runs and provides a safety net for depositors, contributing to overall financial stability.
- 9. Changes in Coverage:** The coverage limits and other terms of DICGC insurance can be subject to changes based on government and regulatory decisions. Therefore, it's essential for depositors to stay informed about the latest coverage limits and regulations.

## Activities

**Activity 1:** Prepare a chart on understanding the banking transactions

**Materials Required:** Whiteboard or flip chart, Markers, Printed materials on types of banking transactions (provided in the session).

**Procedure:**

1. Begin by reviewing the session on types of banking transactions, modes of transactions, and remittance facilities with the class.
2. Use the whiteboard or flip chart to create a visual representation of the key concepts discussed in the session.
3. Engage the students in a discussion about the meaning of deposit transactions and the various types of deposit accounts with their latest interest rates.
4. Divide the class into small groups and assign each group one type of deposit account to research further.
5. Find information on interest rates, benefits, and considerations for that specific type of account.
6. Each group presents their findings to the class, fostering a collaborative learning environment by preparing the chart.

7. Conclude the activity by discussing the importance of deposit insurance and how it contributes to the stability of the banking system.

**Activity 2:** Simulated Banking Transactions

**Materials Required:** Play money (can be created using paper), Transaction forms or sheets, Calculator, Whiteboard or blackboard.

**Procedure:**

1. Introduce the concept of banking transactions and the different types of accounts to the class.
2. Divide the class into pairs or small groups and provide each group with play money, transaction forms, and a calculator.
3. Assign roles within each group, designating one student as the "customer" and the other as the "banker."
4. Instruct the customers to perform various transactions, such as
  - a) Depositing money
  - b) Withdrawing funds
  - c) Transferring between accounts.
5. The bankers must process these transactions accurately.
6. Rotate roles within the groups to ensure each student gets a chance to be both the customer and the banker.
7. After the simulation, facilitate a discussion on the challenges faced, the importance of accuracy in banking transactions, and the role of trust in the banking system.

**Activity 3:** Case Study Analysis on Deposit Insurance

**Materials Required:** Case studies on real-life incidents involving bank failures and deposit insurance, Computers or tablets for research, Presentation software (PowerPoint or similar).

**Procedure:**

1. Divide the class into small groups and provide each group with a case study on a specific incident involving a bank failure and deposit insurance.
2. Instruct the groups to research the background, causes, and outcomes of the incident.
3. Ask each group to create a presentation and summarizing their findings, including lessons learned and recommendations for preventing similar situations.
4. Allow each group to present their case study to the class, fostering discussions on the importance of deposit insurance in different scenarios.
  - a) Bank failures

- b) Systemic financial crises
  - c) Market discipline and risk management
  - d) Promotion of financial inclusion
  - e) International banking and cross-border transactions
  - f) Support for economic growth and development
  - g) Mitigation of bank runs and financial contagion
  - h) Consumer protection and trust
  - i) Reinforces consumer protection and trust in the banking sector.
  - j) It assures depositors that their hard-earned savings are safeguarded
5. Conclude the activity with a group wise discussion on the broader implications of deposit insurance on financial stability.

**Activity 4:** Poster making on designing a deposit insurance campaign

**Materials Required:** Poster-making materials (poster boards, markers, stickers, etc.), Printed information on the benefits of deposit insurance

**Procedure:**

1. Explain the concept of deposit insurance and its importance in maintaining confidence in the banking system.
2. Divide the class into small groups and assign each group the task of designing a creative and informative poster promoting the benefits of deposit insurance.
3. Provide printed materials on the benefits of deposit insurance for reference.
4. Allow students to unleash their creativity by designing visually appealing and informative posters which contains the following steps:
  - a) Establishment of deposit insurance scheme
  - b) Coverage limits
  - c) Enrollment of financial institutions
  - d) Monitoring regulation
  - e) Risk assessment
5. Once the posters are complete, organize a mini-exhibition where each group presents their poster to the class.
6. Encourage a discussion on the effectiveness of different poster designs in conveying the message about deposit insurance.

**Activity 5:** Banking System Role-Play

**Materials Required:** Role-play scenarios (provided by the teacher), Costumes or props (optional)

**Procedure:**

1. Create role-play scenarios that involve various banking transactions.
  - a) Opening an account
  - b) Making a deposit
  - c) Seeking information on interest rates
2. Assign roles to students, including bank tellers, customers, and bank managers.
3. Provide students with the necessary information about their roles and the scenario.
4. Let the students perform the role-play in front of the class, allowing them to act out the entire banking transaction process.
5. Encourage creativity by allowing students to use costumes or props if desired.
6. After each role-play, discuss the experience, highlighting the importance of effective communication, understanding customer needs, and following proper banking procedures.

**Check your Progress****A. Fill in the Blanks**

1. Deposit transactions involve placing money or assets into a \_\_\_\_\_ for safekeeping, investment, or future use.
2. Savings accounts typically offer \_\_\_\_\_ interest rates compared to other deposit accounts.
3. DICGC provides insurance coverage up to a maximum of Rs. \_\_\_\_\_ per depositor in a bank.
4. Money Market Accounts (MMAs) are similar to savings accounts but typically offer \_\_\_\_\_ interest rates.
5. DICGC operates as a subsidiary of the \_\_\_\_\_, the country's central bank.

**B. Multiple Choice Questions**

1. What is the primary purpose of deposit insurance?
  - a) To maximize profits for banks
  - b) To maintain confidence in the banking system and prevent bank runs
  - c) To regulate interest rates
  - d) To encourage risky investments

2. Which type of deposit account usually offers the highest interest rates?
  - a) Savings Accounts
  - b) Checking Accounts
  - c) Certificates of Deposit (CDs)
  - d) Online Savings Accounts
3. DICGC provides insurance coverage to depositors in:
  - a) Only commercial banks
  - b) Only cooperative banks
  - c) Both commercial and cooperative banks
  - d) Only regional rural banks
4. What is the coverage limit provided by DICGC per depositor in a bank?
  - a) Rs. 1 lakh
  - b) Rs. 5 lakh
  - c) Rs. 10 lakh
  - d) Rs. 2 lakh
5. Online banks often offer competitive interest rates due to:
  - a) Higher overhead costs
  - b) Lower customer satisfaction
  - c) Lower operational costs
  - d) Limited accessibility

**C. State whether the following statements are True or False**

1. Checking accounts are primarily used for long-term investments.
2. DICGC provides automatic coverage to depositors in eligible banks.
3. Fixed deposit accounts are similar to Money Market Accounts (MMAs).
4. DICGC covers only commercial banks in India.
5. High-Yield Savings Accounts typically offer lower interest rates than traditional savings accounts.

**D. Match the Columns**

COLUMN A		COLUMN B	
1	Savings Accounts	A	Fixed terms, higher interest rates

<b>2</b>	Checking Accounts	<b>B</b>	Variable interest rates, easy access
<b>3</b>	Certificates of Deposit (CDs)	<b>C</b>	Higher interest rates, limited withdrawals
<b>4</b>	Money Market Accounts (MMAs)	<b>D</b>	Minimal to no interest, day-to-day transactions

### **E. Short Answer Questions**

1. Explain the primary function of deposit insurance.
2. What is the role of DICGC in the Indian banking system?
3. Name three types of deposits covered by DICGC.
4. Briefly describe the characteristics of Online Savings Accounts.
5. How do Fixed Deposit Accounts differ from Certificates of Deposit (CDs)?

### **F. Long Answer Questions**

1. Discuss the significance of deposit transactions in the overall financial ecosystem.
2. Explain the various types of deposit accounts and their respective advantages and disadvantages.
3. Analyze the role of DICGC in maintaining financial stability and preventing bank runs in India.
4. Compare and contrast Money Market Accounts (MMAs) with traditional Savings Accounts.
5. Evaluate the impact of changing interest rates on different types of deposit accounts.

### **G. Check Your Performance**

1. Create a practical activity where students can simulate a banking transaction.
2. Involve in role-play as customers and bank employees, using play money, and practicing various transactions such as deposits, withdrawals, and transfers.

## **Session 2: Cash Withdrawal Transaction**

A cash withdrawal transaction refers to the process of taking money out of a bank account or other financial account in the form of physical currency, typically in the form of banknotes or coins. This transaction allows the account



holder to access funds that are stored electronically in their account and convert them into tangible cash. In financial inclusion, the customer has very common questions, such as how to link the mobile number to the account. The customer faces very common problems, such as - document verification or age verification. So, the responsible person has to understand and resolve customer queries and complaints (Fig. 1.2).



**Fig. 1.2: Customers Queries and Complaints**

Source: [shorturl.at/FJvX8](https://shorturl.at/FJvX8)

## **RULES FOR WITHDRAWING CASH FROM BANKS**

Withdrawing cash from a bank involves certain standard procedures to ensure security and transparency. Following are the rules and steps customers must follow for withdrawing cash from banks:

- 1. Identification:** Customer need to provide valid identification to prove that they are the account holder. This is usually a government-issued photo ID like a driver's license or passport.
- 2. Access Methods:**
  - **ATM:** The most common way to withdraw cash is by using an Automated Teller Machine (ATM). Customer need ATM card and its associated Personal Identification Number (PIN) to withdraw cash from ATM. When using an ATM, choose one that is in a well-lit, secure location. Avoid ATM's use in isolated areas.
  - **In-Person:** Customer can visit the bank branch in person and request a withdrawal. Customer need to fill out a withdrawal slip provided by the bank and present passbook.
  - **Online/Phone Banking:** Banks offer online or phone banking services that allow customer to make withdrawals. Customer's need to log in to their account and follow the prompts.

- 3. Withdrawal Limits:** Banks often impose a daily limit on the amount customer can withdraw from an ATM. This limit varies depending on the bank and the type of account they have.
- 4. Branch Withdrawal Limit:** In-person withdrawals, there may be a limit on the amount customer can withdraw at the bank branch. This is higher than the ATM limit.
- 5. Transaction Fees:** Depending on customer's bank and account type, there might be fees associated with withdrawing cash. Some accounts offer a certain number of free withdrawals per month, while others charge a fee for each withdrawal.
- 6. Availability of Funds:** Ensure that customer's have sufficient funds in their account to cover the withdrawal. If they attempt to withdraw more money than is available, the transaction may be declined, and they may incur overdraft fees.
- 7. Receipt:** Customer's should receive a receipt for the transaction performed by them. This will show the amount withdrawn, any fees incurred, and the remaining balance.
- 8. Security Measures:** Customer's must keep their PIN confidential. They should not share it with anyone, and avoid using easily guessable numbers like birthdays or simple sequences.
- 9. International Withdrawals:** If customer's are withdrawing cash from an ATM in a foreign country, be aware that there may be additional fees or currency conversion charges.

### **HOW MUCH CASH CAN BE WITHDRAWN FROM BANK?**

The amount of cash customer's can withdraw from a bank depends on various factors, including the bank's policies, customer's account type, and any legal regulations that may apply in India. Withdrawn from bank is depended on following factors:

- Bank Policies
- Account Type
- In-Person Withdrawals
- Automated Teller Machines (ATMs) withdrawals
- Daily Limits
- Weekly or Monthly Limits
- Special Circumstances
- Regulatory Restrictions

- Security Measures
- Online and Mobile Banking

### **MEANING OF CASH TRANSACTION**

A cash transaction refers to a financial exchange where payment is made using physical currency, such as banknotes and coins, rather than electronic methods like credit cards, checks, or digital payment systems. In a cash transaction, the buyer provides the seller with physical money as a form of payment for goods or services. For instance, carrying large amounts of cash can be risky, and it may not always be convenient or feasible for certain types of purchases or payments. In some jurisdictions, there are legal requirements for reporting large cash transactions to relevant authorities to prevent money laundering and illicit activities.

### **CASH TRANSACTIONS OF A BANK**

Cash transactions of a bank refer to the various activities involving physical currency (banknotes and coins) that take place within a bank. These transactions can occur in different areas of a bank's operations, involving both customers and the bank itself. Following are the types of cash transactions:

- **Customer Withdrawals:** When a customer visits a bank branch or an ATM and takes out cash from their account, it's considered a cash withdrawal transaction. This is a common service provided by banks to account holders.
- **Customer Deposits:** When a customer brings physical currency to a bank and adds it to their account, it's considered a cash deposit transaction. This can be done at a bank branch or, in some cases, through a cash deposit machine or ATM.
- **Cash Handling for Businesses:** Banks provide cash handling services for businesses, which includes accepting large sums of cash from commercial customers and crediting it to their accounts. This is common for retail businesses that deal with a significant amount of cash transactions.
- **Currency Exchange:** Banks facilitate the exchange of one currency for another, typically for travelers or businesses involved in international trade. This service involves converting physical currency from one denomination to another.
- **Cash Counting and Verification:** Banks have procedures in place to count and verify the authenticity of cash that is deposited by customers or received from other financial institutions.

- **Cash Transfers Between Branches:** Banks often need to move physical cash between their various branches. This may occur due to fluctuations in demand for cash, the need to replenish ATMs, or to balance cash levels across different locations.
- **Cash Shipments for ATM Replenishment:** Banks are responsible for maintaining the cash levels in their ATMs. This involves transporting physical currency to ATMs, which may be done by bank employees or third-party security companies.
- **Cash Reserves for Central Banks:** Banks are required to maintain a certain amount of cash reserves as mandated by regulatory authorities. These reserves are kept in a secure location and are used to manage the bank's liquidity.
- **Coin Dispensing:** Banks provide coins to customers for various purposes, such as making change for businesses, vending machines, or personal use.
- **Cash Vault Management:** Banks have secure vaults where they store large quantities of physical currency. This is typically for the purpose of maintaining cash reserves and supplying currency for various banking operations.
- **Cash in Transit Services:** Some banks offer services for securely transporting large sums of cash from one location to another, often used by businesses or institutions that deal with significant cash transactions.

## Activities

### **Activity 1:** Role-Play on Cash Withdrawal Transactions

**Materials Required:** Fake money (play money or paper cutouts resembling currency), Props resembling ATM machines or bank teller counters (optional), Writing materials (paper and pens)

#### **Procedure:**

1. Divide the students into groups of 4-5 and distribute the fake money evenly among them.
2. Designate areas in the classroom as "ATM machines" or "bank teller counters" where students can simulate cash withdrawal transactions.
3. Assign roles to each student within their group, such as account holder, ATM machine, bank teller, and observer.

4. Instruct the account holders to approach the ATM machines or bank teller counters with a request to withdraw a certain amount of cash.
5. Encourage students to practice proper etiquette and procedures during the transaction, such as entering their PIN (Personal Identification Number) at the ATM or presenting identification to the bank teller.
6. Highlight any common errors or misunderstandings identified during the activity and clarify any misconceptions.
7. Summarize the key takeaways from the activity, emphasizing the importance of responsible financial management and safe transaction practices.
8. Encourage students to apply the knowledge gained from the activity in real-life situations when managing their own finances.

**Activity 2: Cash Transaction Role-Play**

**Materials Required:** Play money (paper cutouts resembling currency), Props representing bank teller counters, ATMs, cash deposit machines, and currency exchange desks, Identification cards (optional), Writing materials (paper and pens)

**Procedure:**

1. Explain the purpose of the activity and introduce the different types of cash transactions listed in the provided description.
2. Divide the students into small groups and assign roles, such as bank tellers, customers, and observers.
3. Instruct students to take turns playing different roles and performing various cash transactions at the simulation stations.
4. Discuss the experiences and observations of the students
5. Encourage students to apply the knowledge gained from the simulation in real-life situations when managing their finances.

**Activity 3: Cash Handling Workshop**

**Materials Required:** Play money (paper cutouts resembling currency), Counting trays or cash drawers, Coin wrappers and currency straps, Counterfeit detection tools (optional), Writing materials (paper and pens)

**Procedure:**

1. Divide students into pairs or small groups and provide them with play money and counting trays or cash drawers.

2. Instruct students to practice counting and sorting different denominations of play money, using proper techniques learned during the demonstration.
3. Encourage students to work together and provide feedback to improve their skills.
4. Facilitate a discussion on the challenges and strategies encountered during the practice session.
5. Discuss the importance of accuracy, attention to detail, and security when handling cash in a banking environment.
6. Summarize the key takeaways from the workshop, emphasizing the importance of developing good cash handling skills.

### Check Your Progress

#### A. Fill in the Blanks

1. Identification is usually verified with a government-issued photo ID like a \_\_\_\_\_ or \_\_\_\_\_.
2. \_\_\_\_\_ is an Immediate Payment Service that works 24\*7.
3. In a cash transaction, payment is made using physical currency, such as \_\_\_\_\_ and \_\_\_\_\_.
4. In \_\_\_\_\_, the customer has very common questions, such as how to link the mobile number to the account.
5. Customer need ATM card and its associated \_\_\_\_\_ to withdraw cash from ATM.

#### B. Multiple Choices Question

1. What is the minimum transaction limit for RTGS (Real Time Gross Settlement)?
  - a) Rs. 50,000
  - b) Rs. 1 lakh
  - c) Rs. 2 lakhs
  - d) No minimum limit
2. Which service is a real-time payment system that works 24\*7 and can be defined as a combination of NEFT and RTGS?
  - a) NEFT
  - b) RTGS

- c) IMPS
  - d) UPI
3. What information is required to make an NEFT transaction?
- a) Mobile number
  - b) Account Number and IFSC Code
  - c) UPI ID
  - d) MMID (Mobile Money Identifier)
4. Withdrawing cash from a bank, what is the purpose of providing a receipt to the customer?
- a) To verify the customer's identity
  - b) To track the customer's spending habits
  - c) To show the amount withdrawn, fees incurred, and remaining balance
  - d) To promote online banking services
5. What is the primary identification method required when withdrawing cash from an ATM?
- a) Account Number
  - b) Social Security Number
  - c) PIN (Personal Identification Number)
  - d) Passport Number

**C. State whether the following statements are True or False**

- 1. In an IMPS transaction, the minimum limit is set quite high to prevent fraud.
- 2. UPI transactions can only be made during specific banking hours.
- 3. In a cash transaction, the buyer makes payment using physical currency, such as banknotes and coins.
- 4. Daily limits on ATM withdrawals are determined by individual banks and may vary between account types.
- 5. Banks are not involved in the currency exchange process; it is solely done by currency exchange offices.
- 6. Cash reserves held by banks as mandated by regulatory authorities are primarily used to provide loans to customers.

**D. Match the Columns**

COLUMN A		COLUMN B	
1	RTGS	A	Combination of NEFT and RTGS
2	IMPS	B	Money transfer from one bank to another
3	UPI	C	Real-time fund transfer
4	Cash Handling for Businesses	D	Large fund transfers for more than 2 lakhs

**E. Short Answer Questions**

1. Explain the significance of customer complaints in maintaining a good relationship between banks and customers.
2. How does UPI contribute to real-time payment systems?
3. What are the key steps in the process of cash withdrawal from a bank?

**F. Long Answer Question**

1. Discuss the role of technology in improving the efficiency of banking transactions and complaint resolution.
2. Compare and contrast NEFT, RTGS, and IMPS in terms of features, limits, and speed.
3. Analyze the challenges and benefits of cash transactions for both customers and banks

**G. Check Your Performance**

1. Provide students with scenarios related to cash transactions, withdrawals, or fund transfers.
2. Students can take turns playing the role of both customers and bank representatives, practicing effective communication and problem-solving.
3. Identify the challenges faced and strategies employed for resolving customer complaints.

### Session 3: Account Transfers

A bank account transfer refers to the movement of funds from one bank account to another. This can occur within the same bank or between different banks. It's a common method used by individuals, businesses, and organizations to move money from one place to another. Bank account



transfers can be initiated through various channels, including online banking platforms, mobile banking apps, in-person visits to a bank branch, or by phone (in some cases). The exact process and options available can vary depending on the specific bank and the technology they employ.

### **RULES FOR BANK ACCOUNT TRANSFER**

When conducting a bank account transfer, there are several important rules and best practices to follow to ensure a smooth and secure transaction. Here are some key guidelines to keep in mind:

- **Accurate Account Information:** Double-check and verify the recipient's account details, including the account number, IFSC code, bank details, branch details (for transfers), and the recipient's name. Any errors in this information can lead to misdirected funds.
- **Authorized Access:** Customer must have the appropriate authorization to initiate a transfer from the source account. This may include providing authentication through passwords, PINs, or other security measures.
- **Sufficient Funds:** Customer must ensure that they have enough funds available in the source account to cover the amount we wish to transfer, including any associated fees.
- **Transaction Limits:** Be aware of any transaction limits imposed by customer's bank. Some banks have daily, weekly, or monthly limits on the amount you can transfer.
- **Currency Exchange (for International Transfers):** If customers are making an international transfer, understand the currency exchange rates and any associated fees. It's important to be aware of potential fluctuations in exchange rates.
- **Timing and Cut-Off Times:** Banks have specific cut-off times for processing transfers. If customer miss the cut-off time, the transfer may not be processed until the next business day. Keep this in mind, especially if customer's have time-sensitive transactions.
- **Fees and Charges:** Customer must understand any fees associated with the transfer may have varying fee structures.
- **Confirmation and Receipts:** Customer's must keep records of the transaction confirmation, including any reference numbers or receipts provided by customer's bank. This can serve as proof of the transaction.
- **Security Measures:** Be cautious of phishing attempts and ensure you are using a secure and trusted platform or channel for initiating the

transfer. Customers must avoid using public Wi-Fi networks when conducting sensitive financial transactions.

- **Account Verification (for Large Transactions):** Some banks may require additional verification for large transfers to prevent fraud. This could include providing additional documentation or confirming the transaction through a secondary method.
- **Receiving Bank's Policies:** Customers must be aware that the receiving bank may have its own rules and policies regarding incoming transfers. These may include processing times and any fees associated with receiving funds.
- **Cross-Border Regulations (for International Transfers):** Customers must understand and comply with any regulatory requirements or restrictions that may apply to international transfers, such as anti-money laundering (AML) and know-your-customer (KYC) regulations.

### **TRANSFERRING PROCESS FROM BANK ACCOUNT**

The process of transferring money from one bank account to another can vary depending on the banks involved and the methods available. Following are the steps involved in initiating a bank account transfer:

#### **1. Choose the Transfer Method:**

- **Online Banking:** Most banks offer online banking services that allow customers to initiate transfers through their website or mobile app.
- **In-Person:** Customer's visit a local bank branch and speak to a bank representative.
- **Phone:** Some banks offer phone banking services, where customers can call and request a transfer.
- **UPI:** People prefer to make payments through UPI as it becomes easier for them to transfer as it has 24\*7 facility to transfer.

**2. Verify Your Identity:** Depending on the method customers choose, customers may need to provide some form of identification or authentication. This could include a username and password for online banking or providing identification at a bank branch.

#### **3. Select the Transfer Type:** There are two type of transfer:

- **Internal Transfer:** If both the source and destination accounts are with the same bank, customers make an internal transfer, which is often free and instantaneous.
- **External Transfer:** For transfers between accounts at different banks, choose the "external transfer" or "ACH transfer" option.

Customer's need the recipient's account details, including their account number.

- 4. Enter the Transfer Details:** Input the recipient's account information, including their account number, bank name, etc. (if applicable) and specify the amount you want to transfer. Indicate the purpose or memo for the transfer (e.g., "rent payment," "invoice payment").
- 5. Review and Confirm:** Customer's must double-check all the information they have entered to ensure accuracy, including the recipient's details and the transfer amount.
- 6. Authorize the Transfer:** If customer is using online banking, they need to enter a one-time password or use a two-factor authentication method. For in-person or phone transfers, provide the necessary authorization and verification as required by customer's bank.
- 7. Confirmation and Receipt:** After the transfer is initiated and authorized, customers must receive a confirmation, which may include a transaction reference number. Customer need to save this information for their records.
- 8. Monitor Your Account:** Customers must keep an eye on their bank account to ensure the transfer is completed as expected. They may receive email or text notifications from bank regarding the status of the transfer.

## **FUND TRANSFER METHODS**

There are various methods for transferring funds from one account to another, and the choice of method often depends on factors such as the amount of money being transferred, the urgency of the transaction, and the accessibility of banking services. Following are fund transfer methods:

### **1. Bank-to-Bank Transfer:**

- **Wire Transfer:** This is a method of transferring funds electronically between banks. It's typically used for large sums of money, both domestically and internationally. Wire transfers are known for their speed and reliability but may come with higher fees.
- **ACH Transfer (Automated Clearing House):** ACH transfers are commonly used for electronic payments, including direct deposits, bill payments, and more. They are often used for regular, recurring transactions and can take a few business days to clear.

### **2. Online Banking:**

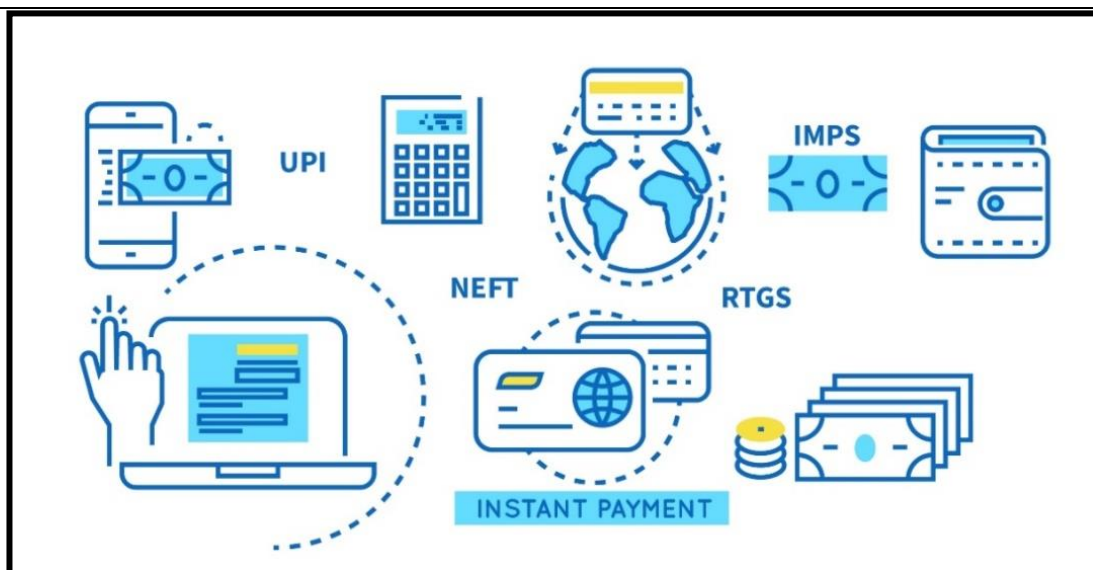
- **Bank's Online Banking Portal:** Most banks offer online banking services that allow customers to transfer money between their own

accounts and to other accounts, both internal and external. This is a convenient and widely-used method.

- **Mobile Banking Apps:** Many banks also provide mobile apps that enable customers to transfer funds using their smartphones or tablets.

- 3. Peer-to-Peer (P2P) Payment Apps:** Apps like PayPal, UPI, allow individuals to send money to each other quickly. These apps are often used for small, informal transactions among friends and family.
- 4. Cheque:** Writing a cheque is a traditional method of transferring funds. The recipient can deposit the cheque into their bank account. However, it can take several days for a cheque to clear.
- 5. Money Orders:** Money orders are prepaid and can be purchased at banks, post offices, or other financial institutions. They are a secure way to send money and are often used for transactions where personal checks are not accepted.
- 6. Cash Deposit:** We can physically deposit cash into someone else's bank account by visiting a branch of their bank. This is typically used for immediate transfers within the same bank.
- 7. International Transfers:** For sending money internationally, various methods are available, including wire transfers, international ACH transfers, international money orders, and services.
- 8. Prepaid Debit Cards:** Some prepaid debit cards allow you to load funds onto the card and then give it to someone as a form of payment. They can then use the card to withdraw cash or make purchases.
- 9. Electronic Bill Payment Services:** Many banks and online platforms offer bill payment services that allow you to schedule and automate payments to service providers like utilities, credit card companies, and lenders.

Following are the regular banking transactions which can be performed by customer (fig.1.3):



**Fig. 1.3: Regular Banking Transactions**

### **1. NEFT (National Electronic Fund Transfer)**

One of the most preferred forms of money transfer from one bank to another is NEFT. For making an NEFT transaction, two details are required:

- Account Number
- IFSC Code

There is no maximum limit on the amount of money that can be transferred. However, individual banks have the right to set a limit.

### **2. RTGS (Real Time Gross Settlement)**

RTGS is just like NEFT, but how the amount gets credited to another account and the minimum payment limit is different. Customers use this service if they need to transfer more than 2 lakhs. Also, there is no maximum upper limit. It takes 30 mins for the transaction to complete.

### **3. IMPS (Immediate Payment Service)**

Immediate Payment Service abbreviated as an Instant Fund Transfer Service that works 24\*7. IMPS can also be defined as a combination of NEFT and RTGS. However, to prevent fraud, the minimum limit on the transaction is set to be quite low. For making an IMPS transaction, all need to know is the receiver's (account holder's) IMPS ID also known as MMID (Mobile Money Identifier) and phone number.

### **4. UPI (Unified Payments Interface)**

The Unified Payment Interface abbreviated as UPI is another real-time payment system that facilitates transactions through VPA (Virtual Payment Address). Transferring the amount, need not require any account detail,

there is the mobile number or the UPI ID. Customers can make UPI transactions 24\*7. However, the upper cap on UPI-enabled transactions is Rs. 1 lakh.

### Activities

**Activity 1:** Prepare a note on understanding bank account details

**Materials Required:** Pen and paper

**Procedure:**

1. Begin by explaining the importance of accurate account information when conducting a bank account transfer.
2. Distribute a worksheet to each student, containing a fictional bank account transfer form.
3. Ask students to fill in the recipient's account details, including
  - a) account number
  - b) IFSC code
  - c) bank details
  - d) branch details
4. Emphasize the need for precision and accuracy in entering the information.
5. Discuss the completed forms as a class, highlighting the potential consequences of errors in account details.
6. Teacher should evaluate and display the worksheet in class.

**Activity 2:** Prepare a chart on transaction limits awareness in the banking

**Materials Required:** Whiteboard and markers

**Procedure:**

1. Introduce the concept of transaction limits imposed by banks.
2. Discuss various scenarios where understanding transaction limits is crucial.
3. Divide the class into small groups and assign each group a specific scenario (e.g., daily, weekly, or monthly limits).
4. Ask each group to create a short skit or role-play highlighting the importance of adhering to transaction limits.

- a) Plan their financial activities effectively, such as budgeting expenses, managing cash flow, and scheduling payments within the allowed limits.
  - b) Prevention of unauthorized transactions
  - c) Avoid exceeding their account balance or daily transaction limits, which could result in overdraft fees or declined transactions.
  - d) Compliance with regulatory requirements
  - e) Protection against account compromise
  - f) Effective use of banking services
  - g) Avoidance of transaction delays
  - h) Enhanced customer experience:
  - i) Educational opportunities
  - j) Promotion of financial literacy
5. After the performances, have a class discussion about the potential risks and consequences of exceeding transaction limits.

**Activity 3: Secure Transfer Simulation**

**Materials Required:** Computers or smartphones, Internet access

**Procedure:**

1. Briefly explain the security measures required during a bank account transfer.
2. Have students pair up and simulate an online bank account transfer using a secure platform.
3. Provide a checklist of security measures (e.g., using a secure Wi-Fi connection, checking for phishing attempts) that students must follow during the simulation.
  - a) The bank's authentication system verifies her identity before granting access.
  - b) Initiating the transfer of amount one bank to another
  - c) Authorizes the transfer using a secondary authentication method, such as a one-time password (OTP) sent to her registered mobile number or email address.
  - d) Encrypts the transaction details, including account numbers, amount, and transfer instructions, using secure encryption protocols.

- e) The bank checks for any suspicious activity or discrepancies before proceeding with the transfer.
  - f) Interbank communication to verifies the outgoing and incoming funds and checks for any potential fraud or irregularities.
  - g) Both banks send confirmation notifications to informing them that the transfer has been successfully completed.
  - h) They update their account passwords and security settings periodically to enhance account protection.
4. Discuss the experiences and challenges faced by each pair, emphasizing the importance of secure practices in financial transactions.

**Activity 4:** Cross-Border Regulations Research

**Materials Required:** Internet access, Research materials

**Procedure:**

1. Discuss the cross-border regulations associated with international bank transfers.
2. Assign each student a country and ask them to research and compile information on the regulations, such as AML and KYC requirements.
3. Have students present their findings to the class, emphasizing the diversity of regulations and the importance of compliance in international transactions.
4. Facilitate a class discussion on the challenges and considerations when transferring funds internationally.
5. Teacher should give conclusion.

**Activity 5:** Prepare a chart on fund transfer methods exploration

**Materials Required:** Chart paper, Markers

**Procedure:**

1. Introduce various fund transfer methods, such as wire transfers, online banking, P2P payment apps, etc.
2. Divide the class into groups and assign each group a specific fund transfer method.
3. Ask each group to create a visual representation (chart or poster) of their assigned method, highlighting its characteristics, advantages, and disadvantages.
4. Groups present their findings to the class, fostering a discussion on the suitability of different methods in various scenarios.



5. Conclude by discussing the evolving landscape of financial technology and its impact on fund transfer methods.

### Check Your Progress

#### A. Fill in the Blanks

1. A bank account transfer involves the movement of funds from one \_\_\_\_\_ to another.
2. \_\_\_\_\_ measures are essential to prevent unauthorized access during a bank account transfer.
3. In international transfers, understanding \_\_\_\_\_ is crucial due to potential fluctuations.
4. The time it takes for a transfer to be completed can vary, and internal transfers are often \_\_\_\_\_.
5. \_\_\_\_\_ are often used for small, informal transactions among friends and family.

#### B. Multiple Choice Question

1. What is a crucial step to prevent misdirected funds in a bank account transfer?
  - a) Providing additional documentation
  - b) Verifying the recipient's account details
  - c) Using public Wi-Fi networks
  - d) Ignoring confirmation and receipts
2. Which method is often used for large sums of money in both domestic and international transfers?
  - a) ACH Transfer
  - b) Mobile Banking Apps
  - c) Wire Transfer
  - d) Peer-to-Peer Payment Apps
3. What is a common feature of ACH transfers?
  - a) Instantaneous processing
  - b) High transaction fees
  - c) Use of one-time passwords
  - d) Multiple business days to clear

4. What is the primary purpose of specifying the amount, purpose, or memo during the transfer details entry?
  - a) Enhancing transaction security
  - b) Providing information to the bank
  - c) Receiving a confirmation
  - d) Avoiding transaction limits
5. What should customers be cautious of during the transfer process to prevent fraud?
  - a) Double-checking account details
  - b) Providing accurate information
  - c) Avoiding phishing attempts
  - d) Using public Wi-Fi networks

**C. State whether the following statements are True or False**

1. Online banking is not a convenient and widely-used method for transferring money between accounts.
2. Currency exchange rates and potential fluctuations are important considerations only for domestic transfers.
3. Transaction limits are imposed by banks to encourage customers to transfer larger amounts of money.
4. Wire transfers are known for their slow processing times and lack of reliability.
5. Money orders are a secure way to send money and are often used for transactions where personal checks are accepted.

**D. Match the Columns**

COLUMN A		COLUMN B	
<b>1</b>	Wire Transfer	<b>A</b>	Used for recurring transactions, may take a few days to clear.
<b>2</b>	Mobile Banking Apps	<b>B</b>	Method of transferring large sums electronically.
<b>3</b>	Peer-to-Peer Apps	<b>C</b>	Involves writing a physical document, takes time to clear.
<b>4</b>	ACH Transfer	<b>D</b>	Allows customers to transfer money using smartphones.

5	Cash Deposit	E	Quick transfer method for small, informal transactions.
---	--------------	---	---

### E. Short Answer Questions

1. Explain one security measure that individuals should follow during a bank account transfer.
2. Provide two examples of additional verification that banks may require for large transactions.
3. What is the primary purpose of a money order?

### F. Long Answer Question

1. Describe the step-by-step process of initiating a bank account transfer using online banking.
2. Discuss the factors that individuals should consider when choosing a fund transfer method.

### G. Check Your Performance

Use a mobile app or online banking platform to mimic a bank account transfer. Keep a record of the actions done and if you can send along a screenshot showing the confirmation.

## Session 4: Payments from Bank Account

Payments from bank accounts refer to the process of transferring funds from a bank account to another party, whether it will be an individual, a business, or an organization. This transaction involves the movement of money electronically, and there are various methods and channels through which payments from bank accounts can be initiated. Customer status, Bank transactions, Number of complaints, Targets achieved, review future targets, SOP (Standard Operating Procedure) for security procedure when handling payment cash or cheque transaction, Security of customer information (Fig. 1.4).



**Fig. 1.4: Banking System Administration**

Source: [shorturl.at/coIK3](http://shorturl.at/coIK3)

## **INTRODUCTION TO PAYMENT SYSTEM**

In the intricate web of global commerce, the payment system stands as the fundamental infrastructure that facilitates the transfer of funds between individuals, businesses, and financial institutions. It is the lifeblood of economic activities, ensuring the smooth circulation of money and contributing to the stability of financial ecosystems. The significance of payment systems lies in their ability to streamline financial transactions, fostering economic growth, and enhancing the efficiency of various economic actors. Payment systems play a pivotal role in facilitating transactions, acting as the backbone of economic activities. They provide the necessary infrastructure for individuals and businesses to engage in financial exchanges seamlessly. The efficiency and reliability of payment systems contribute to financial stability by ensuring the timely settlement of obligations and reducing uncertainties in economic transactions.

### **Evolution of Payment Systems**

The historical evolution of payment systems unveils the journey from primitive barter systems to the sophisticated digital mechanisms of the present day. The evolution reflects not only innovations in facilitating transactions but also the challenges and adaptations in response to the changing dynamics of trade and commerce.

### **MODES OF PAYMENTS IN A BANK**

In India, the banking sector provides a diverse range of payment modes catering to the varied needs of customers. The various modes of payments available within a bank serve as the arteries that carry the lifeblood of economic activities. These modes can be broadly categorized into digital and non-digital payment methods.

### **DIGITAL PAYMENT MODES**

India has experienced a significant surge in digital payment adoption over the past few years, driven by government initiatives, technological advancements, and changing consumer preferences. The digital payment landscape in India includes various modes that offer convenience, speed, and security. Following are the prominent digital payment modes in India:

- 1. Unified Payments Interface (UPI):** UPI is a real-time payment system that enables users to link multiple bank accounts to a single mobile application. It allows seamless peer-to-peer and peer-to-merchant transactions. E.g. Google Pay, PhonePe, BHIM (Bharat Interface for Money).
- 2. Mobile Wallets:** Mobile wallets are digital applications that store payment information securely, allowing users to make electronic

transactions using smartphones. E.g.: PhonePe, Mobikwik, FreeCharge.

- 3. IMPS (Immediate Payment Service):** IMPS is an electronic funds transfer service that enables instant interbank transactions through mobile phones. E.g. Banking mobile apps and some third-party apps.
- 4. BHIM (Bharat Interface for Money):** BHIM is a UPI-based app developed by the National Payments Corporation of India (NPCI). It is directly linked to bank accounts, ensuring secure transactions.
- 5. Debit and Credit Cards:** Physical and virtual cards issued by banks, enabling electronic transactions. Point-of-sale transactions, online payments, and cash withdrawals from ATMs. E.g.: Visa, Mastercard, RuPay.
- 6. Net Banking:** Online banking services provided by banks, allowing customers to access and manage their accounts through the internet. Fund transfers, bill payments, account statements, and other banking services can be done through Net Banking. It is available on Bank websites and mobile apps.
- 7. Aadhaar Enabled Payment System (AEPS):** AEPS allows customers to carry out financial transactions using their Aadhaar number and biometric authentication.
- 8. QR Code Payments:** QR code-based payments involve scanning a merchant's QR code to make payments using a linked bank account or wallet. E.g. UPI apps, wallets, and some banking apps.

The digital payment ecosystem in India continues to evolve, with ongoing innovations and collaborations between financial institutions, fintech companies, and the government. The diverse range of digital payment modes provides users with flexibility and options to suit their preferences and needs.

### **NON-CASH PAYMENT MODES**

Non-cash payment modes in India encompass a variety of electronic and paper-based methods, offering individuals and businesses alternatives to traditional physical currency. These modes contribute to a more efficient, secure, and digitally-driven financial ecosystem.

- 1. Paper-Based Payment Systems:** Paper-based payment systems refer to traditional methods of making financial transactions that involve physical documents, such as paper instruments, to authorize and process payments. These systems are tangible and often require the physical exchange of documents between parties involved in the transaction. Following are the types of paper-based system:

**a) Cheques:** Cheques are written orders from an account holder to their bank, instructing them to pay a specific amount to the recipient. It is commonly used for business transactions, loan repayments, and other high-value payments. Cheques may take a few days to clear.

**b) Demand Drafts:** A demand draft is a prepaid instrument where the payer instructs a bank to pay a specific amount to the payee. It is used for secure transactions, especially for payments across different cities. Similar to cheques, demand drafts may take a few days for processing.

**2. Card-Based Payment Systems:** Card-based payment systems involve the use of physical or virtual cards issued by financial institutions to enable electronic transactions. These systems offer a convenient and widely accepted method for making payments, both in-person and online. The two primary types of cards in this category are debit cards and credit cards.

**a) Debit Cards:** Debit cards are linked to the cardholder's bank account and allow them to make purchases or withdraw cash from ATMs. The transaction amount is directly deducted from the cardholder's account. Debit cards are commonly used for everyday expenses and point-of-sale transactions.

**b) Credit Cards:** Credit cards provide users with a line of credit, allowing them to make purchases on credit up to a predetermined limit. Cardholders receive a monthly statement, and they can choose to pay the full balance or a minimum amount. Interest is charged on the remaining balance if not paid in full.

**3. Electronic-Based Payment Systems:** Electronic-based payment systems involve the transfer of funds through electronic means, eliminating the need for physical cash or paper instruments. Following are the types of electronic-based payment systems:

**a) NEFT (National Electronic Funds Transfer):** NEFT is a system for electronically transferring funds between banks in India. It is suitable for both individuals and businesses for low to high-value transactions. The transactions are settled in hourly batches.

**b) RTGS (Real-Time Gross Settlement):** RTGS is a real-time fund transfer system, facilitating large-value transactions with immediate settlement. It is commonly used for high-value transactions such as real estate deals and large business transactions. Settlement is done on a real-time basis.

**c) IMPS (Immediate Payment Service):** IMPS is an instant electronic funds transfer system available 24/7, facilitating interbank transactions. It is suitable for immediate fund transfers, especially for smaller transactions. There is Immediate settlement of transaction.

**d) UPI (Unified Payments Interface):** UPI enables users to link multiple bank accounts to a single mobile application, facilitating seamless peer-to-peer and peer-to-merchant transactions. It is used for quick and convenient transactions, including person-to-person payments and online shopping.

**4. Other Electronic Payment Modes:** Other electronic payment modes encompass various digital methods for conducting financial transactions. Following are the other electronic payment modes:

**a) Mobile Banking:** Mobile banking allows users to perform various banking transactions through mobile devices. It includes fund transfers, bill payments, and account management. It is Secured with login credentials and often additional authentication.

**b) Electronic Wallets:** Electronic wallets or e-wallets are digital instruments that store money, allowing users to make electronic transactions. The use is common for online purchases, mobile recharges, and small payments. E.g.: PhonePe, Google Pay.

**c) Cryptocurrencies:** Cryptocurrencies, like Bitcoin and Ethereum, are decentralized digital currencies enabling secure peer-to-peer transactions without the need for intermediaries like banks.

**d) ACH (Automated Clearing House):** ACH is an electronic network used in the Module States for financial transactions, including direct deposits and bill payments.

The diverse range of non-cash payment modes in India reflects the nation's commitment to fostering a digital economy. These methods offer convenience, speed, and security, making financial transactions more accessible to a broader population and facilitating economic growth.

### **NON-DIGITAL**

Non-digital payment modes in India include traditional methods of transferring value that do not rely on electronic platforms or digital interfaces. Despite the rapid growth of digital transactions, these non-digital modes continue to play a significant role, especially in areas where digital infrastructure is limited. Following are non-digital payment modes in India:

**1. Cash Payment:** Cash payment refers to the settlement of a financial transaction using physical currency, such as banknotes or coins, as a

medium of exchange. In a cash payment, the payer physically hands over the agreed-upon amount of money to the payee to fulfil an obligation or purchase goods and services. This method of payment is immediate and does not involve any electronic transfers, checks, or other non-cash forms of payment.

**a) Physical Currency:** Traditional banknotes and coins issued by the Reserve Bank of India. It is widely accepted for in-person transactions, including retail purchases, local services, and daily expenses. It is universally recognized, no dependency on electronic systems.

**b) Coins:** Metallic currency issued by the government, used for smaller denominations. It is commonly used for transactions requiring exact change, such as public transportation and small purchases. It is Durable and tactile form of currency.

**2. Gold Coins and Bars:** Physical gold in the form of coins or bars used for transactions. It is traditional method for gifting during festivals, weddings, or significant events. It carries tangible and inherent value.

**3. Barter System:** Exchange of goods and services directly without involving money. It is rare in modern times but may still occur in certain comodulates or informal economies. It is based on mutual agreement and need.

Non-digital payment modes provide flexibility and inclusivity, catering to a diverse population with varying preferences and access to technology. These methods coexist with digital modes, offering alternatives that align with specific transaction requirements and cultural practices.

## Activities

**Activity 1:** Prepare a presentation on understanding digital payment modes

**Materials Required:** Whiteboard or flip chart, Markers, Handouts with information on digital payment modes

**Procedure:**

1. Begin by discussing the significance of digital payment modes in the modern banking system.
2. Explain the evolution of payment systems, emphasizing the shift from traditional to digital methods.
3. Divide the class into small groups.



4. Distribute handouts with details about various digital payment modes mentioned in the text.
5. Each group is assigned a specific digital payment mode (e.g., UPI, Mobile Wallets, Debit and Credit Cards).
6. Ask each group to create a brief presentation summarizing how their assigned digital payment mode works, its advantages, and any security features.
7. Groups present their findings to the class.
8. Discuss the impact of digital payments on financial ecosystems and individual consumers.
9. Conclude the activity by highlighting the importance of understanding and responsibly using digital payment modes.
10. Have students reflect on how these modes contribute to economic growth and financial stability.

**Activity 2:** Prepare chart on non-digital payment modes exploration

**Materials Required:** Printed visuals of non-digital payment modes (cash, coins, gold coins/bars), Flip chart or whiteboard, Markers

**Procedure:**

1. Briefly review the concept of non-digital payment modes and their significance in different contexts.
2. Display visuals of cash, coins, and gold coins/bars.
3. Facilitate a class discussion on the characteristics, uses, and cultural significance of each non-digital payment mode.
4. Divide the class into groups.
5. Assign each group one non-digital payment mode (cash, coins, or gold coins/bars).
6. Ask groups to create a short skit or presentation illustrating scenarios where their assigned mode is used.
7. Groups present their skits or presentations to the class.
8. Encourage creativity and cultural insights.
9. Facilitate a discussion on the coexistence of digital and non-digital payment modes.
10. Have students reflect on the importance of preserving traditional payment methods in a rapidly digitalizing world.

**Check Your Progress****A. Fill in the Blanks**

1. The payment system is the fundamental infrastructure that facilitates the transfer of funds between \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.
2. Digital payment modes in India offer convenience, speed, and security, contributing to the nation's commitment to fostering a \_\_\_\_\_ economy.
3. UPI, or Unified Payments Interface, enables users to link multiple \_\_\_\_\_ accounts to a single mobile application.
4. \_\_\_\_\_ is an instant electronic funds transfer system available 24/7, facilitating interbank transactions.
5. Non-digital payment modes in India, such as physical currency, coins, and gold coins/bars, provide flexibility and inclusivity, catering to a diverse population with varying preferences and access to \_\_\_\_\_.

**B. Multiple Choices Question**

1. What is the primary role of payment systems in economic activities?
  - a) Facilitating communication
  - b) Ensuring the smooth circulation of money
  - c) Managing transportation logistics
  - d) Enhancing agricultural productivity
2. Which of the following is a digital payment mode used for point-of-sale purchases and online transactions?
  - a) Cheques
  - b) UPI
  - c) Demand Drafts
  - d) Gold Coins
3. What does AEPS stand for in the context of digital payments?
  - a) Automated Electronic Payment System
  - b) Aadhaar Enabled Payment System
  - c) Advanced Encryption and Payment Security
  - d) All Electronic Payment Services
4. NEFT is suitable for:

- a) Real-time fund transfers
  - b) High-value transactions with immediate settlement
  - c) Low to high-value transactions settled in hourly batches
  - d) Interbank transactions through mobile phones
5. Barter system involves:
- a) Direct exchange of goods and services without money
  - b) Digital transactions
  - c) Use of credit cards
  - d) UPI-based transactions

**C. State whether the following statements are True or False**

1. The evolution of payment systems only reflects innovations and not challenges in trade and commerce.
2. UPI enables seamless peer-to-peer and peer-to-merchant transactions by linking multiple bank accounts.
3. Digital payment modes have completely replaced non-digital payment modes in India.
4. Demand Drafts are suitable for immediate fund transfers.
5. Coins are commonly used for transactions requiring exact change, such as public transportation.

**D. Match the Columns**

COLUMN A		COLUMN B	
<b>1</b>	UPI	<b>A</b>	Written orders for specific payments
<b>2</b>	RTGS	<b>B</b>	Real-time fund transfer system
<b>3</b>	Cheques	<b>C</b>	Traditional banknotes and coins
<b>4</b>	Physical Currency	<b>D</b>	Electronic funds transfer service
<b>5</b>	IMPS	<b>E</b>	Unified Payments Interface

**E. Short Answer Questions**

1. Explain the significance of payment systems in economic activities.

2. Name two digital payment modes and briefly describe their functionalities.
3. What role does the payment system play in the global commerce ecosystem, and why is it considered the fundamental infrastructure for economic activities?
4. Differentiate between NEFT (National Electronic Funds Transfer) and RTGS (Real-Time Gross Settlement).
5. How do non-digital payment modes contribute to financial inclusivity.

#### **F. Long Answer Question**

1. Explain the evolution of payment systems from primitive barter systems to the sophisticated digital mechanisms of the present day, highlighting key innovations and challenges.
2. Discuss the factors that have driven the significant surge in digital payment adoption in India over the past few years, highlighting the key contributors to this growth.
3. In the context of non-digital payment modes, explain the cultural significance of gold coins and bars, and provide examples of when and why they are traditionally used in India.

#### **G. Check Your Performance**

1. Discuss how the activities of digital and non-digital payment modes  
Discuss the advantage of non-digital payment in day to day life.

## **MODULE 2**

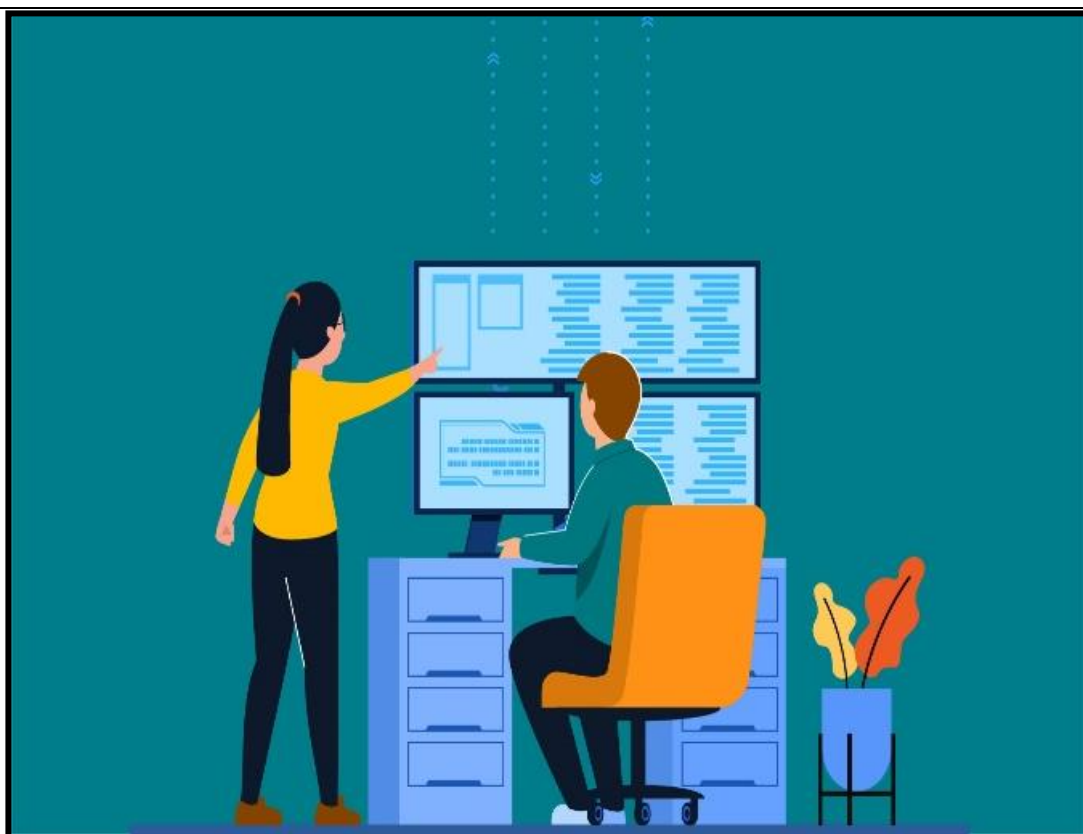
## **BANKING SERVICES TO CUSTOMERS**

### **Module Overview**

The Business Correspondent (BC) and Business Facilitator (BF) play an important role in delivering banking services to customers. As in the case of regular employees, they are the face of the organisation.

The following aspects of dispensing banking services by a BC/BF to customers will be discussed in this module:

- Scheduling and executing follow-up sessions with the existing and future customers of the bank (Fig. 2.1).
- Reviewing periodically the financial requirements of customers.



**Fig. 2.1: Customer Services by the BC/BF**

The customers with whom the BC/BF interacts belong to all ways of life and are engaged in varied types of business activities such as small/large-scale trading, manufacturing, agriculture, and so on. The provision of services to these customers, especially in areas far away from bank branches, is the key function of a BC/BF.

This Module will focus on the introduction of banking services to customers. The first session covers the loan and mortgages services, the second session deals with wealth management services, the third session explains advising customers services and products and the fourth session discusses recovery and defaulter management process.

### **Learning Outcomes**

After completing this module, you will be able to:

- Understand the fundamental concepts of loans and mortgages.
- Explain the various wealth management services offered.
- Recognize the range of customer services provided by banks.
- Gain knowledge of the recovery process for non-performing loans.

## Module Structure

Session 1: Loan and Mortgage Services

Session 2: Wealth Management Services

Session 3: Customer Services

Session 4: Recovery and Defaulter Management Process

### Session 1: Loan and Mortgage Services

Loan and mortgage services refer to financial products and services provided by financial institutions, such as banks or lenders, to individuals or businesses seeking financial assistance. Both loan and mortgage services play crucial roles in facilitating financial transactions, enabling individuals and businesses to access the funds they need for various purposes. Borrowers should carefully consider the terms, interest rates, and repayment schedules before entering into any loan agreement.

#### MEANING OF LOAN

A loan is a financial arrangement in which a lender provides funds to a borrower, with the expectation that the borrower will repay the borrowed amount along with interest over a specified period. Loans are a common financial tool used by individuals, businesses, and governments to meet various financial needs, such as purchasing a home, starting a business, or covering unexpected expenses.

#### Secured Loans

- 1. Home Loan:** A home loan is a secured loan used to finance the purchase of a residential property. The property being financed serves as collateral.
- 2. Gold Loan:** Gold loans are secured by pledging gold ornaments or assets. Gold serves as collateral, and the loan amount is determined based on the value of the gold.
- 3. Loan Against Property:** This loan is availed by mortgaging an existing property. The property serves as collateral, providing a lower risk for the lender.
- 4. Loan Against MF and Shares:** Borrowers pledge their mutual fund MODULEs or shares to secure the loan. The mutual fund MODULEs or shares act as collateral.

- 5. Loan Against PF/EPF:** Employees can take loans against their Provident Fund (PF) or Employees' Provident Fund (EPF) contributions. The accumulated PF/EPF balance acts as collateral.
- 6. Loan Against FD:** A loan against a fixed deposit allows individuals to borrow against their fixed deposit with a bank. The fixed deposit serves as collateral.
- 7. Vehicle Loan:** Vehicle loans are used to finance the purchase of automobiles. The vehicle itself serves as collateral for the loan.

### **Unsecured Loans**

- 1. Personal Loan:** Personal loans are unsecured loans used for various personal expenses. No collateral is required; approval is based on the borrower's creditworthiness.
- 2. Student Loan:** Student loans finance education expenses, including tuition, books, and living expenses. Generally unsecured, based on the student's potential future earnings.
- 3. Credit Cards:** Credit cards provide a revolving line of credit for purchases. It is unsecured and no collateral required.

Secured loans offer the advantage of lower interest rates and higher loan amounts due to the presence of collateral. In contrast, unsecured loans provide quick access to funds without the need for collateral but often come with higher interest rates. The choice between secured and unsecured loans depends on factors such as the borrower's financial situation, the purpose of the loan, and risk tolerance.

### **MEANING OF MORTGAGES**

A mortgage is a specific type of loan used to finance the purchase of real estate, typically a home or property. In a mortgage arrangement, the property being purchased serves as collateral for the loan. If the borrower fails to repay the loan according to the agreed-upon terms, the lender has the right to take ownership of the property through a legal process known as foreclosure.

### **FEATURES OF A MORTGAGE**

- 1. Property as Collateral:** The property being financed becomes collateral, providing security for the lender.
- 2. Down Payment:** Borrowers often need to make an initial down payment, representing a percentage of the property's purchase price.
- 3. Principal and Interest Payments:** Borrowers repay the loan through monthly payments, covering both the principal amount and interest.

- 4. Loan Term:** Mortgage loans typically have longer terms compared to other loans, commonly spanning 15 to 30 years.
- 5. Fixed or Variable Interest Rates:** Borrowers may choose between fixed-rate mortgages (with a consistent interest rate) or adjustable-rate mortgages (with rates that can change over time).
- 6. Homeownership:** Upon complete repayment of the mortgage, the borrower gains full ownership of the property.

Scheduling face-to-face sessions, and executing the same, are crucial jobs of a BC/BF. Carrying out such visits has to be discussed and keeping in view the basic roles of a Business Correspondent and Business Facilitator.

The role of a BF is to facilitate bringing new customers to the fold of the bank. They are authorised to mobilise business for the bank to which they are attached. They are generally not permitted to carry out financial transactions on behalf of the bank.

The BC, on the other hand, acts as one of the channels for the delivery of banking services and enables the customer to do some financial transactions. They create and manage transaction points other than the bank branch and are connected electronically with the parent bank branch. The BC also do work related to capturing details of the customers required for opening their accounts, issuing debit/credit cards, etc.

### **SCHEDULING AND EXECUTING FOLLOW-UP VISITS**

The BF visits customers for (Fig. 2.2)

1. Imparting knowledge about various banking products such as deposit and loan schemes, insurance plans, etc.
2. Facilitating the opening of various deposit accounts
3. Obtaining loan applications and verifying the details given therein.
4. Completion of the 'Know Your Customer (KYC)' process
5. Marketing of insurance and mutual fund products,

The BC also visits customers for the above purposes, also undertakes the following activities:

1. Deposit of money, withdrawal of money, transfer of money among bank accounts, attending to bank account-related inquiries, issue of receipts/ account statements, etc.
2. Disbursements of small amounts of loans, as permitted
3. Receipt and scrutiny of financial data for review of existing credit limits before submission to appropriate authority in the bank.



4. Formation, assistance, and supervision of self-help groups/ joint liability groups,
5. Assistance in recovery drives against bank defaulters, etc.



**Fig. 2.2: Follow-up Visits**

**Source:** <https://bit.ly/3hWlpx>

A BC/BF has to deal with bank customers engaged in a varied nature of activities such as small-scale industries, trading of goods and commodities, shop keeping, agricultural cultivation, and allied activities such as food processing, dairy, poultry, etc.

### **SCHEDULING FOLLOW-UP VISITS**

The key steps to be taken by a BC/BF scheduling visits for interface sessions with customers are:

**Planning timing of the visit:** This has to be decided after contacting the customer on mobile or while meeting him. A customer engaged in a particular activity may be busy sometimes, and relatively free at others. The BC/BF has to fix the timing of every visit accordingly.

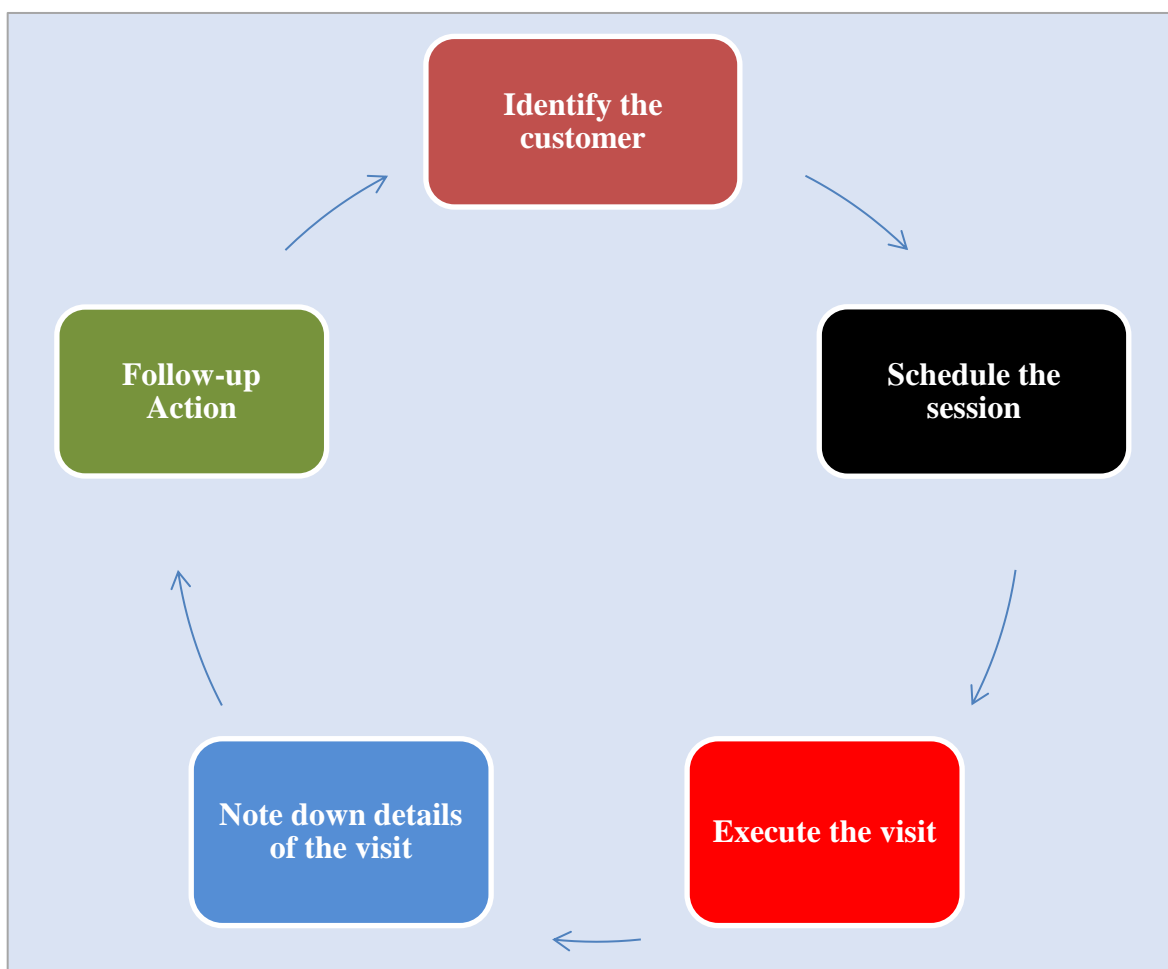
- **Fixing the Day on which the Customer is to be Visited:** This has to be scheduled as per the availability of the customer and his/her convenience. visits on days when the customer is generally away, for transacting business, or for some personal work, should be avoided.
- **Deciding the place where the Customer is to be contacted:** The BC/BF should ascertain from the customer the place where he would prefer to be

contacted. BC/BF should intimate the customer over mobile, or otherwise, just before a visit.

### **EXECUTING A FOLLOW-UP VISIT**

After scheduling a visit, the BC/BF should undertake the same in a proper and meaningful manner (Fig. 2.3). To schedule a follow-up, he has to take the following steps before each visit:

- 1. Identify the Customer or Refer to his diary/register for customer information:** A BC/BF is supposed to maintain a record of his/her visits in a diary, as also a register. While starting a visit, he should look up the details of previous visits to the customer and the discussions held during the same.
- 2. Schedule the Session or Update information about the customer:** Before executing a visit, the BC/BF should update all the particulars of each such as his/her latest address, details of banking facilities already being availed by him, details of documents of loan facilities if any, and position of the account of the customer. In case there are any overdue amounts in the account, the same should note down.
- 3. Execute Visit Or Carry details of various products/schemes:** The bank in which the customer may be interested to execute the visit or carry details of various products/schemes in a sufficient manner otherwise, we will be not getting an authentic record for follow up.
- 4. During the visit note down the details:** The BC/BF should discuss the issues related to his/her existing accounts and respond to the customer's queries. He/She should also note down the additional requirements of the customer and initiate action for fulfilling the same.
- 5. Follow-up Action:** After coming back from the visit, the BC/BF should report details of the interface sessions held with the customers with bank officials and start working on meeting their requirements.



**Fig. 2.3: Scheduling and Executing an Interface Session with a Customer**

### **PERIODICALLY REVIEW CUSTOMERS' FINANCIAL REQUIREMENTS**

This is an important function carried out by the BC/BF. The periodic assessment of the financial requirements of existing customers ensures proper utilisation of the facilities made available to them. This has to be done on an ongoing basis, at regular intervals, as per the procedure prescribed by the bank to which the BC/BF is attached.

The periodic assessment of financial requirements has to be done in the customers availing of loan facilities, as also those going in for other products related to life insurance and general insurance.

### **LOAN REQUIREMENT**

**Before Sanctioning a Loan:** The BC/BF helps the sanctioning authority and other bank functionaries in ascertaining the current financial position of the applicant, their repayment capacity, and the amount of money required by them for starting the proposed business enterprise. To do so, the relevant details are collected from the borrower, with supporting documents, wherever required, and the same is incorporated in the loan application form.

A BC/BF also helps the bank officials on preparing an ‘opinion’ report on the applicant which contains the details of customer’s assets and liabilities, their income status etc.

A *term loan* is sanctioned to customers for the acquisition of fixed assets that have long-term use, such as a house, vehicle, factory building, machinery, shop, etc. On the other hand, a *cash credit limit* is sanctioned to meet the day-to-day working capital requirements of a business enterprise, such as the purchase of raw materials, labour charges, etc.

The banks also grant personal loans to their customers to meet the requirements such as expenses to be incurred on travel, medical treatment, children’s education, or any other item.

The BC/BF assists the bank functionaries in working out the loan requirement of the applicant.

**After Sanction and Disbursement of a Loan:** The BC/BF has to observe the level of business activities of the borrower and find out whether the same is running on profitable lines. He/She also discusses with the borrower whether more funds are required for the smooth operation of his business, and/or an increase in the level thereof.

After the assessment, He/She assists the borrower in applying for sanction of an additional loan for meeting the increased financial requirement.

### **INSURANCE REQUIREMENT**

Meeting the insurance requirements of customers is utmost importance, as the demise of earning family members or destruction of property due to some calamity can result in a financial disaster, from which it may not be easy to recover.

The risk of loss of life of a person is covered by **Life Insurance**, and that of the risk of losing assets due to fire, theft, earthquake, or some other mishap/calamity, by **General Insurance**.

The BC/BF assesses the insurance requirements of all his customers and helps them in obtaining insurance cover through companies having tie-up arrangements with the parent bank.

### **Activities**

**ACTIVITY 1:** Prepare a chart on scheduling follow-up sessions with customers.

**Materials Required:** Writing material, chart paper sketch pens, reading material such as books, internet facility.

**Procedure:**

1. The students will be divided into groups of six to eight students each.
2. All the group members will collect material for the preparation of the chart information available on the internet, books, and other relevant publications.
3. The members of each group will arrange the material so as to use it for presentation.
  - a) Identify the customer
  - b) Schedule the session
  - c) Execute the visit
  - d) Note down the details
  - e) Follow up action
4. The charts will be submitted to the class teacher who will go through the contents and suggest improvements if needed.
5. The charts will be displayed in the class room.

**ACTIVITY 2:** Prepare a presentation on PowerPoint/chart paper on the topic “Periodic Review of Customers’ financial requirements by the BC/BF”.

**Materials Required:** Writing material, chart paper sketch pens, desktop computer/laptop, access to the internet, reading material such as books, research papers, etc. (if available)

**Procedure:**

1. Divide the students into groups of five to eight students each.
2. All the group members will collect material regarding periodic review of customers’ financial requirements by the BC/BF for presentation using the information available on the internet, books, and other relevant publications.
3. A presentation on power point, or using a chart/white board, will be prepared by the members of each group on
  - a. Loan requirement and b. Insurance requirement
4. A presentation will be made by each group in the class. The group members will respond to the queries of their fellow students.
5. The teacher will also be present during the presentation. He/she will add value to the presentation by suggesting improvements and additional inputs on the topic being discussed.

**Check Your Progress****A. Fill in the Blanks**

1. The Business Correspondent (BC) and Business Facilitator (BF) play an important role in \_\_\_\_\_ of banking services to customers.
2. The BC/BF serves as the \_\_\_\_\_ of his parent bank in remote areas.
3. Financial soundness of a bank customer is assessed by the BC/BF periodically, on an \_\_\_\_\_ basis.
4. Scheduling a visit means fixing the \_\_\_\_\_ for visiting a customer.
5. \_\_\_\_\_ covers the risk of losing assets (such as buildings, machinery, furniture, raw material, goods, etc.) due to fire, theft, earthquake, or some other mishap/calamity.

**B. Multiple Choice Questions**

1. The bank customers are engaged in activities such as:
  - a) Cottage industries
  - b) Small scale manufacturing
  - c) Running small shops and trading goods/commodities
  - d) All of the above
2. Personal financial requirements of a borrower are fulfilled through the sanction of a
  - a) Working capital loan
  - b) Term loan
  - c) Personal loan
  - d) Any of the above
3. A 'term loan' is sanctioned to a bank customer for meeting his
  - a) Long-term financial requirements.
  - b) Short-term financial requirements.
  - c) Both
  - d) None of the above
4. The term 'cash credit' means
  - a) Loan is given for meeting day-to-day business expenses.
  - b) A loan is given in cash

- c) Both  
 d) None of the above
5. The activities of a BC/BF during his visits to a borrower include
- a) Observing the business activities of the borrower and the level thereof.  
 b) Finding out additional financial requirements of the borrower.  
 c) Both  
 d) None of the above

**C. State whether the following statements are True or False**

1. The BC/BF should not inform the customer in advance before visiting him.
2. The amount of loan to be sanctioned is decided through a financial assessment.
3. Working capital is the money required for the purchase of raw materials and other day-to-day business expenses such as labour charges, electricity charges, etc.
4. The BC/BF should visit a borrower at the place of his work only.
5. After sanction of a loan, the BC/BF contacts the borrower mainly for recovery of the overdue amount of the loan.

**D. Match the Columns**

COLUMN A		COLUMN B	
1	Working capital facility	A	Financing of fixed assets
2	Scheduling a visit	B	Updating of borrower details
3	Term loan	C	Loan is given for meeting day-to-day business expenses
4	Pre-visit activity	D	Financing of day-to-day business activities
5	Cash Credit	E	Fixing the day, time and place of the meeting.

**E. Short Answer Questions**

1. What are the preparations that a BC/BF should make before visiting a customer?

2. During the visit to a borrower, a BC/BF has to perform certain functions. What are these?
3. How does a BC/BF assess the financial requirements of an applicant for a loan product?
4. Explain Secured and Unsecured Loans.

#### **F. Long Answer Questions**

1. What are the activities undertaken by a BC/BF while scheduling and executing a visit to a customer?
2. How are the financial requirements of a loan applicant assessed by a BC/BF, and at what stages?

#### **G. Check Your Performance**

1. Prepare a chart explaining the scheduling and executing customer visits of a BC/BF.
2. Write down the modalities involved in reviewing the financial soundness of a customer.

## **Session 2: Wealth Management Services**

Wealth management services in Indian banks refer to the specialized financial advisory and investment management services provided to high-net-worth individuals (HNIs), ultra-high-net-worth individuals (UHNIs), and affluent clients. These services go beyond traditional banking and encompass a comprehensive approach to managing and growing a client's wealth. Wealth management services aim to provide a holistic approach to financial well-being, offering clients a range of services to manage, grow, and protect their wealth in line with their unique financial goals and aspirations. The specific services and features may vary across different banks and financial institutions.

### **Benefits of Wealth Management of Banks to Customers**

Wealth management services provided by banks offer several benefits to customers, helping them effectively manage and grow their financial assets. Following are the key advantages of wealth management:

- 1. Professional Financial Guidance:** Banks provide expert advice and guidance through their wealth management services, helping individuals understand financial concepts, set goals, and make informed decisions about their money.
- 2. Diverse Investment Choices:** With wealth management, customers gain access to a variety of investment options like stocks, bonds, and



mutual funds. This allows them to create a well-rounded investment portfolio, potentially increasing their wealth over time.

- 3. Risk Protection Strategies:** Banks help customers manage risks by suggesting ways to balance their investments. This ensures that if one type of investment performs poorly, others may offset the losses, protecting the customer's overall wealth.
- 4. Smart Tax Planning:** Wealth managers assist in making tax-smart decisions, helping customers understand how to minimize taxes on their investments. This can include using tax-advantaged accounts and making strategic investment choices.
- 5. Smooth Asset Transfer:** Wealth management services aid in planning for the transfer of assets to heirs. This ensures that a person's wealth is passed on smoothly, and banks help in setting up arrangements like wills and trusts.
- 6. Personalized Relationship:** Customers benefit from a personal connection with a dedicated wealth manager. This relationship ensures that their financial plans are customized to their specific needs, and they receive ongoing support and advice.

### POST-SALE SERVICES FOR WEALTH MANAGEMENT

The schemes offered by service-oriented organisations, like banks and other finance companies, are also known as products. The delivery of these products to customers is called 'sale'. The services delivered to a customer after the sale of a product are called post-sale services (Fig. 2.4).



**Fig. 2.4: Post-Sale Consumer Services**

Source: [shorturl.at/efCJ1](http://shorturl.at/efCJ1)

The BC/BF has to carry out the following post-sale services (Fig. 2.5):

- **Ensuring that the Credit Facilities to Customers Are Released in time:** In the banking language, credit facilities mean various short-term and long-term loans. The basic purpose of a loan is to enable the borrower to deploy

timely the funds required for running his business enterprise. If there is a delay in the disbursement of a loan, the business plan of the borrower can stop. This can also result in the loan account becoming irregular, which is neither in the interest of the borrower nor in that of the financing bank,

- **Counseling the Customer to Utilize the Loan Amount Properly:** The BC/BF should ascertain that the loan to a customer is used for running the activity for which it is given and is not spent elsewhere. Using the loan amount wasteful expenditure can disrupt the business operations, making it difficult for the borrower to make repayment of the loan.
- **Finding out about the Additional Loan Amount needed by the Customer and Arranging for the same:** If the customer is facing a lack of funds due to some genuine reasons, such as an increase in business level or rises in the cost of inputs, the BC/BF should help the customer in the submission of an application for enhancement in the loan amount.
- **Making the Customer aware of Various Schemes of the Bank:** The BC/BF should inform the customer about various deposit and insurance schemes being offered by his parent bank, and help him in subscribing to the same.



**Fig. 2.5: Post Sale Services**

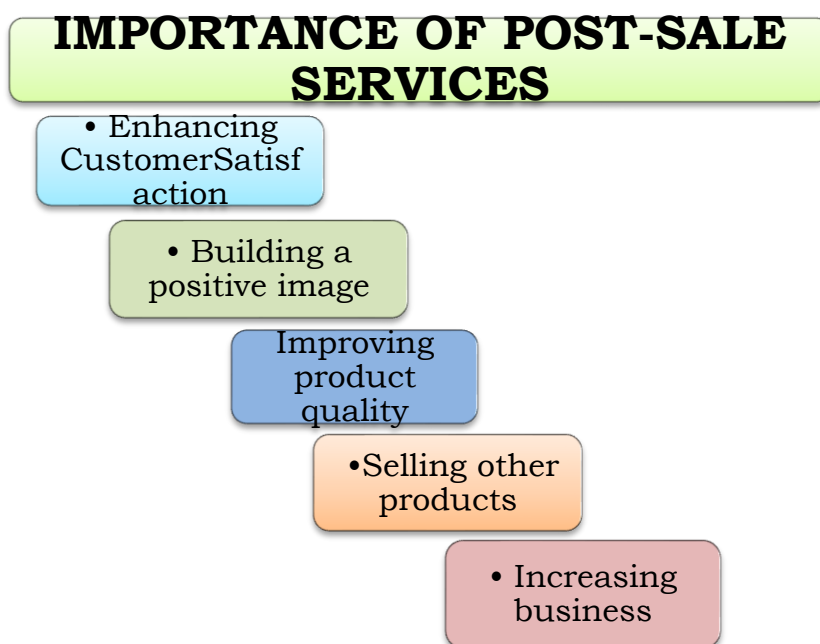
**Source:** <https://bit.ly/3hXQM9J>

The BC/BF should also carry the publicity material related to various schemes for information of the customer. He should also explain the salient features of these schemes to the customers.

**IMPORTANCE OF POST-SALE SERVICE**

Providing post-sales services is a very important part of its operations for Wealth Management (Fig. 2.6) because of the following reasons:

- **It Enhances Customer Satisfaction:** Even if a customer is happy with the quality of provided product or services, an inconvenience or difficulty in using it can give rise to not only dissatisfaction but also irritation and anger. In such a case one cannot expect him to approach the company for further purchase of a product or service. On the other hand, efficient rendering of post-sale services makes the customer happy and even prompts him to recommend the products of the company to his/her friends and relatives.
- **Builds up a Positive Image of the Company:** Customers who are happy with post-sale services speak positively about the company and its productivity while interacting with their acquaintances. This 'word of mouth' publicity plays an important role in building up a positive image of the company in the public mind.
- **Enables Improvement in Product Quality:** The feedback and suggestions received by the company representatives while providing post-sale services enable the company to bring about further improvements in the product to increase its acceptability among the public.
- **Selling other Products:** During post-sale services, the company executives come to know the needs of customers for other products. For example, while interacting with a housing loan customer, if BC/BF comes to know that he is planning to buy a car, the attractive features of the car loan scheme of his bank can be explained. This may prompt the customer to avail of this facility also.
- **Increasing Business:** All the above positive effects of prompt after-sale services are certain to result in significant business growth. Prompt and regular conduct of post-sale services will certainly tempt the existing customer, also the potential customers to avail more and more services of the company, which will result steady growth in the company's business.



**Fig. 2.6: Importance of Post-Sale Services**

### **TYPES OF POST-SALE SERVICE TO CUSTOMERS**

Post-sale services to customers are:

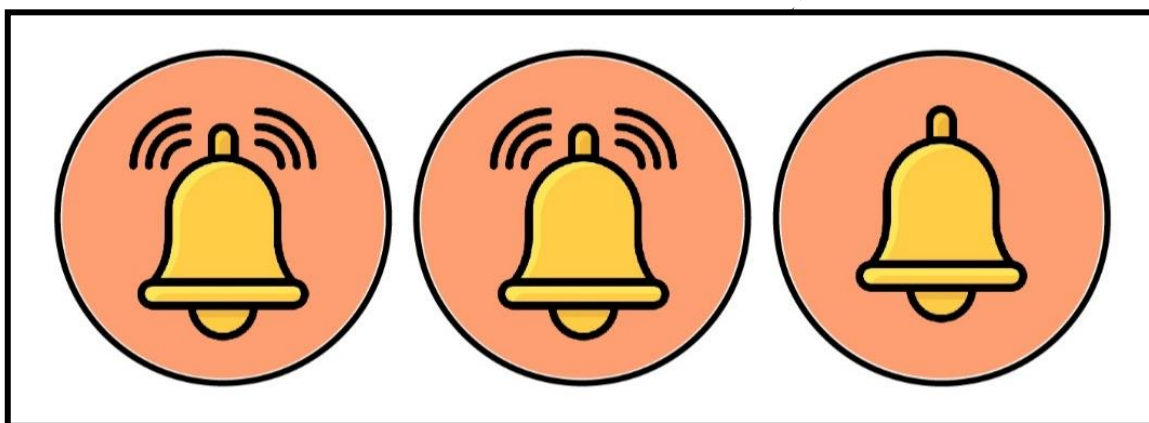
- **Delivering forms for Various Schemes:** During visits to existing/prospective customers, the BC/BF should carry with him blank application forms for various schemes of the bank. On meeting a customer, besides talking about the facilities already extended, he should:
  - Find out other financial needs of the customer.
  - Suggest deposit schemes for building up savings for meeting future needs such as margin for a fresh loan, buying essential consumer items, and so on.
  - Suggest subscription to suitable life and general insurance products for guarding against mishaps.
  - Propose investment in good mutual fund schemes for long-term growth in the savings portfolio.
  - Give financial advice to the customer. For example, while interacting with a customer who is a taxpayer the BC/BF can explain the features of some tax-saving schemes.

Once the customer decides to subscribe to a scheme, the BC/BF should help in filling up the application form for the same and completing other formalities.

- **Collecting Payments:** Wherever authorised by the parent bank, the Business Correspondent can collect payments from customers towards repayment of loans taken by them. He can also collect other payments, such as a premium on insurance policies held by customers.

A Business Correspondent generally puts through money transactions, and generates receipts for the same, using a mobile, biometric recogniser, and thermal printer which is handy and easy to operate. He gets a commission from the bank as per the number of transactions handled during a month.

- **Setting up Updates:** The BC/BF updates periodically the customer data such as the amount due for repayment in loan accounts, details of premiums due in insurance policies, and so on. These updates may be recorded in a register/computer system and should be referred to before contacting the customer in person or over the telephone.
- **Reminders:** It is an important post-sale function of a BC/BF to remind the customer regarding matters such as (fig.2.7):



**Fig. 2.7: Reminder**

- Loan installments that have fallen due.
- Documents/formalities that are yet to be completed.
- Premium payments of insurance policies, and so on.

Such reminders will certainly be welcomed by the customers, as they would help them in keeping the facilities being enjoyed by them in good order.

## Activities

**Activity 1:** Understanding Post-Sale Services in Banking

**Materials Required:** Pen and paper, Access to the internet for research

**Procedure:**

1. Students can start by researching and understanding the concept of post-sale services in banking, focusing on wealth management services as described in the provided text.
2. Encourage students to use reliable online sources, official bank websites, and financial publications to gather information on post-sale services and their importance.
3. Based on their research, students can create an informative poster highlighting the importance of post-sale services in banking, with a specific focus on wealth management.
4. The poster should include key points such as enhancing customer satisfaction, building a positive company image, enabling product quality improvement, selling other financial products, and increasing business.
5. Students present their posters to the class, explaining the significance of post-sale services and how they contribute to the overall success of banking services.
6. Encourage class discussions on real-life examples or scenarios where effective post-sale services have made a positive impact.
7. Divide the class into small groups and assign each group a specific post-sale service mentioned in the case study (e.g., credit facility release, counseling on loan utilization, finding additional loan amounts).
8. Each group should create a short role-play scenario depicting the effective implementation of the assigned post-sale service.
9. After the presentations and role-plays, facilitate a class discussion on the importance of post-sale services in banking.
10. Ask students to reflect on the role-play activity and share their insights on how post-sale services can positively impact customer satisfaction and overall business growth.

**Activity 2:** Practical Application of Post-Sale Services

**Materials Required:** Blank application forms for various banking schemes, Mock checks or payment receipts, Sample bank promotional material

**Procedure:**

1. Distribute blank application forms for various banking schemes to the students, mimicking the role of Business Correspondents/Business Facilitators (BC/BF).
2. Ask students to simulate the process of delivering forms for different schemes during visits to existing or prospective customers.

3. Provide mock checks or payment receipts to represent loan installments, premium payments, or other financial transactions.
4. In a simulated setting, students, acting as BC/BF, should collect these payments from their peers or create scenarios where payments need to be collected.
5. Introduce the concept of customer data updates and reminders.
6. Students, playing the role of BC/BF, can maintain a register or computer system to record updates such as loan repayment amounts, insurance premiums due, etc.
7. Encourage students to engage in role-playing scenarios where they interact with customers, provide information about various bank schemes, and offer financial advice.
8. After the simulation activities, conduct a class discussion on the challenges and successes encountered by students in performing these post-sale services.
9. Ask students to reflect on the importance of maintaining customer satisfaction and building long-term relationships through effective post-sale services.

### Check Your Progress

#### A. Fill in the Blanks

1. The services offered by any company, including banks, are called their \_\_\_\_\_.
2. It has to be ensured by the BC/BF that the loan sanctioned to a customer is \_\_\_\_\_ well in time.
3. The BC/BF \_\_\_\_\_ periodically the customer data such as the amount due for repayment in loan accounts, details of insurance premium due, etc.
4. During the course of providing post-sale services, the company executives come to know the needs of customers for \_\_\_\_\_.
5. During the post-sales visits, the BC/BF can obtain feedback regarding the financial needs of customers and the extent to which the existing products are \_\_\_\_\_ the same.

#### B. Multiple Choice Questions

1. Post-sale services rendered by a BC/BF do not include
  - a) Explaining deposit schemes to the borrower.
  - b) Selling insurance products to the borrower.

- c) Pre-sanction visits to the business premises of the customer.
  - d) Assessing additional financial requirements of the borrower.
2. For post-sale activities to be effective, a BC/BF should have a good knowledge of
- a) Customer-related policies of his company.
  - b) Products and services of his company.
  - c) Both
  - d) None of the above.
3. Various features of a product/service delivered to a customer should be elaborated upon
- a) While selling the product.
  - b) At the time of delivering the product.
  - c) After the sale of the product.
  - d) During all the above stages.
4. Post-sale activities of a BC/BF include
- a) Observing the business activities of a borrower and making suggestions for improvements required in the same, if any.
  - b) Advising the customer about making his marketing efforts more effective.
  - c) Both
  - d) None of the above.
5. If the discussions with a customer reveal that he is running short of funds due to an increase in the level of business, the microfinance executive should advise him to
- a) Scale down his business activities till a new loan is sanctioned.
  - b) Apply for enhancement in the loan limit.
  - c) Both
  - d) None of the above.

**C. State whether the following statements are True or False**

- 1. The additional facilities and services provided to a customer before and after the sale of a product are called “post-sale services”.
- 2. Post-sale activities do not contribute much to the business growth of a company.



3. Post-sale activities are more important for companies manufacturing consumer goods like TVs, refrigerators, washing machines, etc. They are not of much relevance to service-providing companies.
4. Making value addition to a product means increasing its selling price.
5. It is one of the important post-sale duties of the BC/BF to advise the borrower not to be too ambitious as it is dangerous to increase the level of business activities too much – it could result in a shortage of working capital and/or put unnecessary strain on the installed machinery.

#### D. Match the Columns

COLUMN A		COLUMN B	
1	Preventing the diversion of the loan amount	A	Substantial business growth
2	Delivery of services to customers	B	Tarnishing of company's image
3	An offshoot of dynamic and progressive post-sale services	C	Adding additional features/facilities
4	Failure to attend to customer grievances	D	Regular monitoring of the business activities of the borrower and his account
5	Making value addition to a product	E	Sale of 'products'

#### E. Short Answer Questions

1. Explain the concept of wealth management service?
2. How do effective post-sale services affect the level of customer satisfaction?
3. How do excellent post-sale services enhance the reputation of a company?

#### F. Long Answer Questions

1. Why is post-sale service important?
2. Elaborate upon the types of post-sale services.

#### G. Check Your Performance

1. Prepare a chart on various aspects of post-sale services

## Session 3: Customer Services

In this session, we shall be discussing various areas of customer services handled by a BC/BF attached to a bank (Fig. 2.8).



**Fig. 2.8: Areas of Customer Service**

### **DUTIES OF A BC/BF TOWARDS CUSTOMER SERVICES**

#### **Manage Customer Accounts**

The customer's account has to be managed by representatives of the bank. Managing an account means looking after the needs of the customer related to the account, and dealing with various issues that arise from time to time.

The customers whose accounts are brought to the books of the bank by the BC/BF generally reside in far-flung areas. It is not convenient for them to visit the bank branch frequently for carrying out routine transactions or for resolving problems/queries related to their accounts. The responsibility to deal with these customers thus devolves on the BC/BF.

The BC/BF must ensure that the existing customers remain satisfied, and do not shift their accounts elsewhere. This function of the BC/BF is called "customer retention".

The BC/BF can thus be called an "Account Manager" or "Relationship Manager" who deals with the management of accounts of customers in his/her area of operation.

The various aspects of account management will be discussed in this session.

### ADVISE THE CUSTOMERS

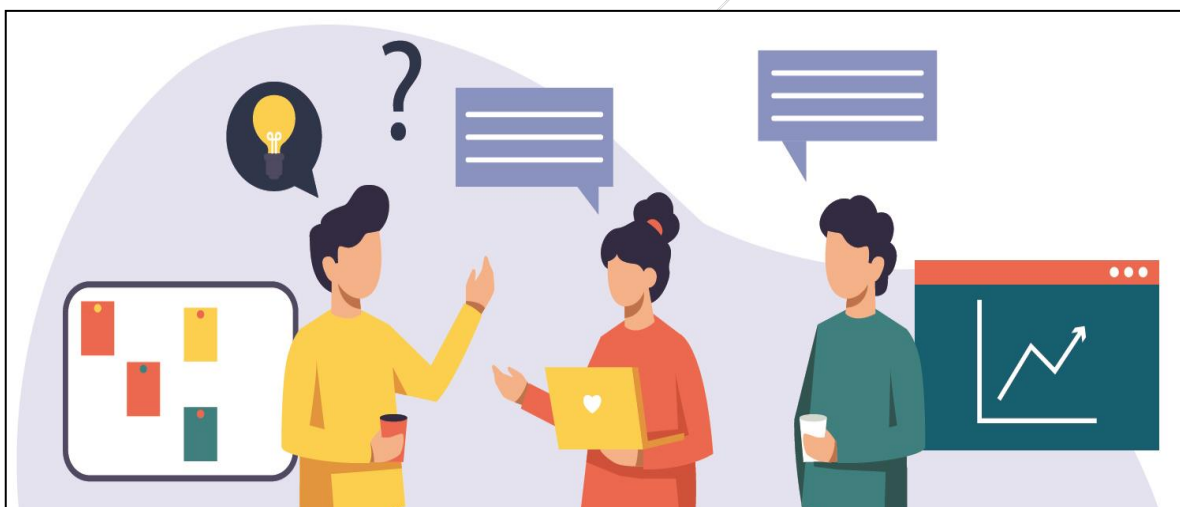
The banks in India provide customers not only banking services like loans and deposit schemes but also “cross-selling” products like insurance and mutual funds. The cross-selling products are not the bank’s products – these are products of other companies, such as insurance companies and mutual fund companies, which the bank sells through its branches and employees on a commission basis. To do so, the bank enters into a tie-up arrangement with these companies.

The BC/BF has to thus advise the customers about:

- The smooth operation of the existing deposit and loan accounts
- Other products, such as those related to insurance and mutual funds, are available for subscription through his/her parent bank.

### RESPOND TO CUSTOMER'S REPETITIVE COMPLAINTS AND QUERIES

All complaints and queries received from customers/potential customers in the area of operation of a BC/BF have to be dealt with promptly (Fig. 2.9), as any delay in doing so affects the image of the parent bank adversely.



**Fig. 2.9: Responding to Customer's Complaints**

The complaints and queries being received repeatedly naturally deserve special attention, as they point towards the existence of some chronic deficiency in the complaint handling machinery and/or the communication mechanism.

### REPETITIVE COMPLAINTS

A repetitive complaint indicates that something is lacking in the product delivery system or the post-sale process. The BC/BF should go through these complaints carefully and identify the deficiencies that are resulting in the recurrence of the same.

A failure to deal with a repetitive complaint not only creates a negative image of the organisation concerned but also affects the reputation of the BC/BF. On receiving such a complaint, the BC/BF should take the following steps immediately:

- Study the contents of the complaint carefully and find out the root cause problem being faced by the customer.
- Contact the complainant on phone/in person to find out his/her point of view.
- If the solution to the complaint does not fall within the capacity of the BC/BF, he should contact the concerned functionaries of the bank and seek their help.
- Inform the customer that his complaint is being resolved, giving him a firm date by which the needful will be done.

It also has to be borne in mind by the branch functionaries and the BC/BF that a customer whose complaint is not dealt within a reasonable time can also send it to the higher bank authorities and/or to the RBI. This can result in disciplinary action, and also in the imposition of penalty.

### **REPETITIVE QUERIES**

If a query is being received repeatedly, it means that the process of communication with customers/potential customers is lacking somewhere. It could also mean that the job knowledge of the BC/BF is not up to mark.

Whenever the BC/BF comes to know of a repetitive query, he/she should deal with it immediately, inform the customer reasons for the delay in responding and provide complete information about it to the customer.

### **INFORM AND ADVISE CUSTOMERS FOR NEW PRODUCTS**

The banks in India are bringing out a good number of new products of their own, as also cross-selling products, on an ongoing basis to attract more and more customers. The introduction of new and innovative products with vital importance to an organisation helps in capturing new business and thus increasing its market share (Fig. 2.10).



**Fig. 2.10: Inform and Advise Customers about New Products**

**Source: [shorturl.at/IR289](https://shorturl.at/IR289)**

The BC/BF has to continuously update himself about the new products introduced by his/her parent bank and the features thereof. During the field visits, he should always carry the brochures of the new schemes and application forms for subscribing to them. During his/her visits to the existing/prospective customers, the BC/BF should devote sufficient time to highlight the salient features of the new schemes. Whenever a customer seems to be inclined to subscribe to a scheme, the BC/BF should help to fill out the application form and complete other formalities.

### **CREDIT AND DEBIT CARD SERVICES**

Credit card services in India refer to financial offerings provided by banks and financial institutions that enable individuals to make purchases and transactions on credit. These services involve issuing credit cards to eligible customers, allowing them to borrow funds up to a predetermined credit limit. Credit card services play a significant role in the Indian financial landscape, providing individuals with convenient and flexible options for making payments, managing expenses, and accessing various financial benefits. However, responsible usage is crucial to avoid debt-related challenges and maximize the advantages offered by credit cards.

Debit card services in India encompass financial offerings provided by banks to facilitate electronic transactions, allowing account holders to access funds in their bank accounts for purchases, payments, and withdrawals. Debit card services play a crucial role in providing individuals with convenient and secure access to their bank funds, making transactions more efficient and accessible. Responsible usage and awareness of security measures are essential for maximizing the benefits of debit card services.

## Activities

**ACTIVITY 1:** Make a presentation on “Managing Customer Accounts”.

**Materials Required:** Writing material, chart paper sketch pens, desktop computer/laptop, access to the internet, reading material such as books, research papers, etc. (if available)

**Procedure:**

1. The teacher will divide the students into groups of five to eight students each, depending on the total number of students in the class.
2. The members of each group may select two persons to represent the group in making a presentation, answering the queries, etc.
3. All the group members will collect material for presentation using the information available on the internet, books and other relevant publications related to process of managing customer accounts.
4. Two or three members will sit together and arrange the material systematically and in proper order so as to use it for presentation.
5. A presentation on PowerPoint, or using a chart/whiteboard, will be prepared by the group members
6. A presentation on the topic will be made by each group in the class. The group members will respond to the queries of their fellow students.
7. The teacher will also be present during the presentation. He/she will add value to the presentation by suggesting improvements / additional inputs on the topic being discussed

**ACTIVITY 2:** Prepare a presentation on PowerPoint or chart paper on the topic “Dealing with Repetitive complaints”

**Materials Required:** Writing material, chart paper sketch pens, desktop computer/laptop, access to the internet, reading material such as books, research papers, etc. (if available)

**Procedure:**

1. The teacher will divide the students into groups of five to eight students each, depending on the total number of students in the class.
2. The members of each group may select two persons to represent the group in making a presentation, answering the queries, etc.
3. All the group members will collect material for presentation using the information available on the internet, books, and other relevant publications.

4. Two or three members will sit together and arrange the material systematically and in proper order so as to use it for presentation on process of dealing with repetitive complaints.
5. A presentation on PowerPoint, or using a chart/whiteboard, will be prepared by the group members.
6. A presentation on the topic will be made by each group in the class. The group members will respond to the queries of their fellow students.
7. The teacher will also be present during the presentation. He/she will add value to the presentation by suggesting improvements and additional inputs on the topic being discussed

### Check Your Progress

#### A. Fill in the Blanks

1. The representatives of the company involved in \_\_\_\_\_ are called 'account managers' or 'relationship managers'.
2. Each account manager is assigned accounts of some customers to provide \_\_\_\_\_ services.
3. Every progressive company is continuously introducing new and innovative \_\_\_\_\_ in the market.
4. The function of ensuring that the business of the customer \_\_\_\_\_ with the company, and does not shift elsewhere is called "customer retention".
5. Bringing new and innovative products/services to the knowledge of existing and prospective customers enables the company not only to retain its market share but also to \_\_\_\_\_ the same.

#### B. Multiple Choice Questions

1. If there is a repetitive complaint from a customer regarding a lack of working funds, the BC/BF should
  - a) Ascertain through inquiries and observation of business activities whether the complaint is genuine.
  - b) Help the borrower in applying enhancement in credit facilities
  - c) Both
  - d) None of the above
2. Today BC/BF provides a wide range of services related to
  - a) Loan products
  - b) Insurance and deposit schemes
  - c) Both

- d) None of the above
3. As an account manager, the BC/BF has to
- Remain in constant touch with existing customers.
  - Ensure that they continue to deal with his company, and also avail of more facilities being offered by the company.
  - Both
  - None of the above
4. A query is received repeatedly from a customer pointing towards
- Knowledge gap on the part of the BC/BF.
  - Absence of effective communication.
  - Both
  - None of the above
5. In a cross-selling arrangement for conducting insurance business, the banks
- Sell the insurance products of the company with which the tie-up arrangement has been made.
  - The insurance company sells the products of the microfinance company
  - Both
  - None of the above

**C. State whether the following statements are True or False**

- The work of a loan account manager begins after a loan is disbursed.
- The basic function of the account manager is to maintain a long-term business relationship with the account holder.
- The banks receive a commission on the products of insurance companies and mutual fund companies sold by them.
- An aggrieved customer of a bank can also complain to the Reserve Bank of India.

**D. Match the Columns**

COLUMN A		COLUMN B	
1	Cross-selling	A	maintains long-term business relationships with customers
2	Bringing new and innovative products and services to the knowledge of existing / prospective customers	B	come to light, again and again, pointing toward shortcomings in customer services



3	Account Manager	C	sale of a product of a company by another company on a commission basis
4	Repetitive complaints	D	point towards knowledge gaps and lack of communication skills on the part of the operating staff
5	Repetitive queries	E	rapid business development and budget achievement

### E. Short Answer Questions

1. What do the repetitive queries indicate?
2. Write a short note on “Informing and Advising Customers of New Bank Products”.
3. What do you mean by Debit card service?
4. What do you mean by credit card service?

### F. Long Answer Questions

1. How should the customer accounts be managed? Please elucidate.
2. Write a note on “Advising Customers about Microfinance”.

### G. Check Your Performance

1. Prepare a comprehensive write-up on “customer account management”.

## Session 4: Recovery and Defaulter Management Process

In most banks today, the function of dealing with defaulters is carried out by Debt Recovery Agents (DRAs) hired on a contract basis, or by the bank’s staff. However, these days some BCs/BFs are also acquiring the formal qualifications required for working as a DRA, and are engaged in the defaulter management process.

### Meaning and Features of Overdraft Services

Overdraft services are a financial arrangement offered by banks to their account holders. It allows individuals to withdraw or spend more money than what is available in their bank account, creating a temporary negative balance. Essentially, it acts as a short-term credit facility, providing flexibility in managing financial gaps. The following are the main features of overdraft:

- 1. Credit Line Extension:** An overdraft is like a pre-approved credit line linked to customer's bank account. It permits them to withdraw funds beyond their account balance, up to a certain limit set by the bank.
- 2. Flexible Repayment:** Overdrafts are typically short-term arrangements. They are meant to cover brief financial shortages. Once customer's financial situation improves, they can deposit money into their account to bring it back to a positive balance.
- 3. Interest on Usage:** Banks charge interest only on the amount customer use from the overdraft facility. Interest rates can vary, and it's essential to understand these rates to manage costs effectively.
- 4. Quick Access to Funds:** Overdrafts provide a swift solution in emergencies or situations where immediate funds are required. It eliminates the need for lengthy approval processes, making it a convenient option.
- 5. Linked to Checking Accounts:** Overdrafts are commonly linked to checking accounts. When customer make a transaction exceeding their account balance, the overdraft comes into play, preventing declined transactions.
- 6. Risk Management:** Banks assess the risk profile of the account holder before approving overdraft facilities. This helps in ensuring responsible usage and prevents customers from accumulating unsustainable debt.
- 7. Credit Score Impact:** Responsible use of overdrafts can positively impact customers credit score. However, misuse or failure to repay promptly may have adverse effects on their creditworthiness.

### **DEFAULTER**

Whenever a bank loan is sanctioned, an agreement is signed between the bank and the borrower outlining all terms and conditions governing the loan, including the modalities of repayment of the loan and interest payable thereon (Fig. 2.11).



**Fig. 2.11: Defaulter**

**Source: [shorturl.at/ctG01](https://shorturl.at/ctG01)**

It has to be noted carefully by the BC/BF that a loan agreement remains valid for three years from the date of signing the same. Before the completion of this period, a revival letter has to be obtained from the borrower for renewal of the agreement. If this is not done, the bank loses the legal right to recover the loan given to the borrower.

Loan installments are fixed in such a way that both the principal amount of the loan and interest applied from time to time in the loan account, are repaid on depositing all the installments on their due dates.

A defaulter is a borrower who is not paying the installments and/or the interest on a bank loan as per the repayment schedule. In some cases, the inability of a borrower to repay a loan could be due to circumstances beyond his control. On the other hand, some borrower could refuse to make the repayment even if he is capable of doing so. Such a borrower is called a “wilful defaulter” When a borrower defaults in repayment of a loan given by a bank, various means are adopted by the bank to recover the overdue amount, such as reminders to the borrower by way of written notices, personal visits by bank’s representatives, initiation of legal proceedings, and so on.

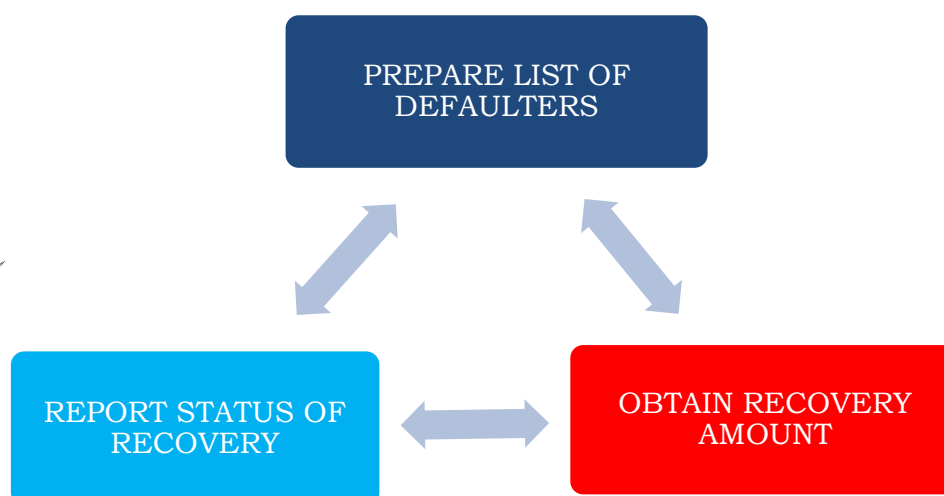
## DEFAULTER LOAN ACCOUNTS

A loan given by a bank to someone is an ‘asset’ for the bank as it is the bank’s money and the bank has the right to recover it.

The loans disbursed by banks by financing are classified into the following categories, as per the guidelines issued by the Reserve Bank of India:

- a) **Standard Assets** are loan accounts in which all the installments and the interest amount are being received as per the repayment schedule. They are thus also called regular accounts. The process of obtaining repayment in these accounts is called “collection”
- b) **Sub-standard Assets** are loan accounts in which all the installments and the interest amount have not been for 90 days after the due date.
- c) **Doubtful Assets** are loan accounts in which installments/interest have not been received for a further period of one after the loan became sub-standard.
- d) **Loss Assets** are loans in which the chances of recovery are almost nil.

The loan accounts b, c and d above are called defaulter loan accounts or irregular accounts. Obtaining payment of the overdue amount in these accounts is called “recovery” (Fig. 2.12). The BC/BF is the ideal person for obtaining a recovery in defaulter accounts, as he is familiar with the residents of the areas of his operation. Besides being in regular touch with the borrowers, he is also aware of their financial condition and the circumstances in which they live. If the BC/BF follows up on each loan regularly as per the bank’s guidelines, the chances of default in a loan account become small.



**Fig. 2.12: Defaulter Management Process**

**PREPARING A LIST OF DEFAULTERS**

While proceeding for obtaining a recovery in defaulter accounts, the BC/Bf must carry a list of defaulting borrowers, with details such as:

- a) Address and phone number of the borrower.
- b) Details of the business/profession of the borrower.
- c) Particulars of the loan account, such as the account number, date of disbursement of loan, present outstanding amount, the amount overdue for repayment, repayments received earlier, etc.
- d) Dates of recovery notices sent or handed over personally to the borrower.
- e) Any other relevant details, such as commitments made earlier by the borrower and, if so, whether the same were honored.

Every list should be made village-wise/area-wise to make the visits systematic.

**PAYMENT RECOVERY IN CASE OF DEFAULT AS PER COMPANY POLICY**

The Reserve Bank of India has issued comprehensive instructions and guidelines for recovery in defaulting accounts. All banks and other companies engaged in giving loans have to compulsorily follow these guidelines, failing which the RBI can impose severe penalties, besides initiating disciplinary proceedings.

The RBI has also instructed banks to formulate their recovery policy, in line with the instructions issued, and follow it meticulously. Accordingly, each bank has put in place its recovery policy, and its representatives have to adhere to it.

While initiating proceedings for recovery in defaulting loan account, the BC/BF should have with him:

- a) The details of the borrower, are as mentioned in Para 3 above.
- b) Copies of the previous two or three recovery notices sent to the defaulting borrower.
- c) A fresh recovery in the format of the bank, in duplicate. One copy should be delivered to the borrower and acknowledgment obtained on the second copy.

During all visits to a defaulting borrower, the BC/BF should adhere to the model code of conduct prescribed by the RBI. He should not resort to uncivilised behaviour. The advantages of repaying a loan in time, and the disadvantages of not doing so, should be brought to the knowledge of the borrower.

The borrower should be reminded of his/her previous commitments which were not met, and be asked to indicate the date by which the amount in default is likely to be repaid. It may be pointed out here that gentle and logical counseling yields much better results than any threat or burden.

The recovery amount obtained should be deposited by the BC/BF in the loan account of the borrower as per the bank's policy. Normally the banks stipulate that the recovery amount should preferably be deposited either on the day of the recovery itself or, at the most, on the next working day. The Business correspondents (but not the Business Facilitators) are generally provided with a hand-held electronic device using which they can credit the recovery amount online in the loan account of the borrower as and when received by them, and also issue a receipt for the same.

### **REPORT THE STATUS OF LOAN RECOVERY TO THE BRANCH MANAGER**

At the end of the working day, the BC/BF prepares a report in which complete details of the recoveries made in various loan accounts, including the defaulting loan accounts, are given. This report is prepared in a format prescribed by the parent bank and is submitted to the manager of the branch to which the BC/BF is attached.

## **Activities**

**Activity 1:** Make a presentation on the “Defaulter Management Process”.

**Materials Required:** Writing material, chart paper sketch pens, desktop computer/laptop, access to the internet, reading material such as books, research papers, etc. (if available)

**Procedure:**

1. The teacher will divide the students into groups of five to eight students each, depending on the total number of students in the class.
2. The members of each group may select two persons to represent the group in making +a presentation, answering the queries, etc.
3. All the group members will collect material for preparing presentation which is available on the internet, books, and other relevant publications.
4. Two or three members will sit together and arrange the material systematically and in proper order so as to use it for presentation on defaulter management process.
5. A presentation on PowerPoint, or using a chart/whiteboard, will be prepared by the group members

6. A presentation on the topic will be made by each group in the class. The group members will respond to the queries of their fellow students.
7. The teacher will also be present during the presentation. He/she will add value to the presentation by suggesting improvements / additional inputs on the topic being discussed

**ACTIVITY 2:** Arrange a role-play exercise on “Interaction of a BC/BF with a Loan Defaulter”.

**Materials Required:** Writing material, access to the internet, and reading material such as books.

**Procedure:**

1. The teacher will divide the students into groups of five to eight students each, depending on the total number of students in the class.
2. All the group members will collect material for the role-play using the information available on the internet, books, and other relevant publications.
3. Prepare a script of role-play activity on Loan defaulter and try for the recovery of loan amount.
4. One student in each group will play the role of a BC/BF, and two or three other students will act as defaulters.
5. The remaining members of each group will act as observers. They will note down the gist of each interaction between the BC/BF and the defaulter borrower.
6. After the role-play, one of the observers from each group will describe the role-play of his/her group in the presence of the teacher and all the students of the class.
7. The teacher will comment on each presentation. If some gaps are observed in the understanding of the defaulter management process. the same will be bridged by the teacher.

### Check Your Progress

**A. Fill in the Blanks**

1. Whenever a loan is sanctioned to a customer, an \_\_\_\_\_ is entered into between the lender and the borrower.
2. If the BC/BF follows up on each loan regularly as per the bank’s guidelines, the chances of \_\_\_\_\_ in a loan account are very low.

3. Loan installments are fixed in such a way that both the principal amount of the loan and interest applied from time to time in the loan account, are repaid on depositing all the \_\_\_\_\_ on their due dates.
4. The BC/BF should not use coercion, threats, or any other unlawful methods of \_\_\_\_\_.
5. Before proceeding for recovery in defaulter loan accounts, the BC/BF has to prepare a detailed list of \_\_\_\_\_.

### **B. Multiple Choice Questions**

1. Which of the following refers to irregular loan accounts?
  - a) Sub-standard assets
  - b) Doubtful assets
  - c) Both
  - d) None of the above.
2. Loan agreements remain valid and enforceable for a period of how many years from the date of their signing?
  - a) Three years
  - b) Five years
  - c) Ten years
  - d) Fifteen years
3. Well before the expiry of the validity period of a loan document, the following document has to be obtained from the borrower:
  - a) Fresh loan agreement
  - b) An undertaking not to default
  - c) A promissory note
  - d) Revival letter
4. While proceeding for recovery in a defaulter loan account, which of the following need not be carried with him?
  - a) The details of the loan account such as the overdue amount, previous installments received in the account, details of documents, and other particulars of the loan amount.
  - b) The loan documents in original or photocopies if due.
  - c) Copies of notices already sent and a fresh notice for handing over to the defaulting borrower.



- d) The BC/BF must carry all of the above with him.
5. While visiting a loan defaulter, which of the following actions should not be taken by the microfinance executive?
- Counseling the borrower in a polite and civilized tone.
  - Pointing out the disadvantages of not regularizing the loan account.
  - Explaining the advantages of depositing all dues in time.
  - Warning him of the dire consequences of his not depositing the overdue amount and asking him to liquidate the entire outstanding in the loan account.

**C. State whether the following statements are True or False**

- Regular loan accounts of the bank are called standard and sub-standard assets.
- Asset classification of a bank means the classification of both its deposits and loans in various categories.
- The BC/BF should deposit the recovery amount in the loan account of the borrower, maintained at the company's branch, at his earliest convenience.
- The BC/BF should be tough with the defaulting borrower and threaten him only when it is considered necessary.
- A "willful defaulter" is a borrower who is willing to pay the default amount after a few days.

**D. Match the Columns**

COLUMN A		COLUMN B	
1	Loans with very low chances of recovery	A	Collection of the amount due
2	The process of obtaining repayment in regular loan accounts	B	Recovery of installments with interest
3	The process of obtaining repayment in accounts of defaulters	C	Loss assets
4	Deposit of the recovery amount in borrower's loan account	D	Willful defaulter
5	Person who has the means but does not deposit the overdue amount in his loan account	E	As per company policy

**E. Short Answer Questions**

1. Explain Meaning of Overdraft Services?
2. Elaborate features of Overdraft Services?
3. Write short notes on “Defaulter of Bank Loans”.
4. What should the microfinance executive do after visiting a loan defaulter?

**F. Long Answer Questions**

1. Explain the defaulter management process in banks.
2. What are the activities of a BC/BF
  - a) Before visiting a defaulter.
  - b) during the visit

**G. Check Your Performance**

1. Write a comprehensive note on “Management of Defaulting Loan Accounts”

**MODULE 3****CUSTOMER-CENTRIC SERVICE  
ORIENTATION****Module Overview**

Customer-centric services comprise enabling employees to provide services keeping customer satisfaction in priority (Fig. 3.1). These services empower employees to communicate effectively with customers, their colleagues, and superiors to accomplish a smooth workflow aiming for superior customer service, loyalty, and engagement.



**Fig. 3.1: Customer-Centric Services**

**Source: [shorturl.at/FKOY8](https://shorturl.at/FKOY8)**

Happy customers are the result of the efforts of so well informed, trained, and educated team of professionals. The environment of the organisation is expected to be sensitive towards different languages, gender issues, social and cultural factors, and differences. Customer-centric services must have a strong vision which includes a plan of action to collect and organise customer feedback (Fig. 3.1) and also helps in creating, developing, and enhancing the brand value of the organisation.

This Module will focus on an introduction to Customer-centric service orientation. The first session covers communication with BFSI customers and colleagues. The second session deals with sensitivity in behaviour, the third session explains communication at workplace and the fourth session discusses the maintenance with service orientation and its implementation.

### Learning Outcomes

After completing this module, you will be able to:

- Demonstrate effective communication skills with customers and colleagues.
- Understand the importance of sensitivity in their behaviour towards customers and colleagues.
- Navigate different communication channels at the workplace.
- Develop and maintain a strong service orientation, understanding how to implement customer-centric approaches, handle service requests effectively, and continuously improve service quality in their roles.

### Module Structure

Session 1: Communication with Customers and Colleagues

Session 2: Sensitivity in Behaviour

Session 3: Communication at Workplace

Session 4: Maintain Service Orientation and Implementation

### Session 1: Communication with Customers and Colleagues

A Business correspondent and Business facilitator should be good at communication which includes mastery over basic skills like listening, speaking, and personal presentation. Addressing escalated customer concerns and educating colleagues on good practices in customer handling is also a part of development.

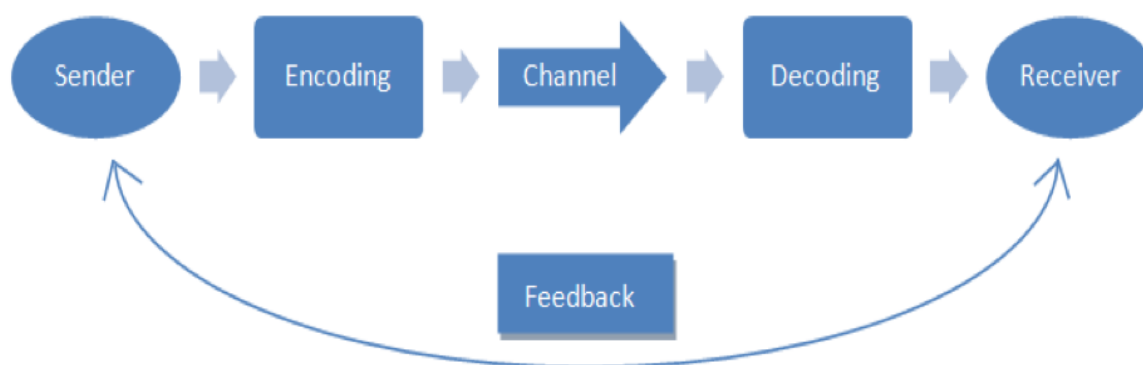
The word communication is derived from the root word “*communicare*” which means to share. Hence, we can say it is a process of sharing or transferring information from one place to another place or from one person or group to another person or group.

Communication can be done in the following ways as depicted in Table 3.1:

Verbal Communication	It is also known as spoken communication and includes face-to-face communication or through mediums like telephone, television or radio, etc.
Non-Verbal Communication	It includes body language, facial expressions, gestures, dress up and even the perfume we use to communicate in many subtle ways with the recipient. These all give a signal to the recipient.
Written Communication:	It includes written form of communication like letters, e-mails, blogs, books, social media posts magazines, etc.
Visualisations	It includes communication through graphs, charts, logos, maps, etc.

**Table 3.1: Different ways of communication**

These ways of communication follow a process (Fig. 3.2) that involves at least one sender, information / message, and a receiver.



**Fig. 3.2: Basic Flow of Communication**

The process starts with a sender who is also called the source or communicator and sends the information in the form of a request, an idea, a question, or a command. The information is encoded by the sender in an appropriate form as the channel requires. This flow of information requires a channel to communicate like telephonic calls, face-to-face conversations, emails, social media such as Facebook, Instagram, Twitter, Television, radio, letters, brochures.

The message is decoded/interpreted by the receiver's end and feedback is given based on the understanding of the message by the receiver in the written, or verbal form or action.

For a Business Correspondent & Business facilitator art of communication is very important as there are many factors like the language, medium, culture, and emotions that may affect the flow or intensity of communication.

### COMMUNICATION SKILLS

Communication skills are the abilities required while transferring different kinds of information. It includes effective communication of ideas or feelings or any message in the way it should be interpreted.

Communication skills comprise Listening, Speaking, and Personal Presentation. The basic prerequisite of effective communication skills is good observation, empathy, and presence of mind.

- a. **Listening:** It is a very important skill as it defines the ability to receive and interpret the message accurately (Fig. 3.3).



**Fig. 3.3: Listening**

**Source:** [shorturl.at/fNRU6](http://shorturl.at/fNRU6)

Many top organisations provide special workshops on listening skills to their employees as it leads to effective communication of ideas and a better understanding of information which further results in added customer satisfaction, enhanced productivity, and happiness index in employees.

Effective listening is not hearing but it involves the receiver being attentive to both verbal and non-verbal signals of the message. Then only

it will be received correctly. The key to success is listening first and then speaking.

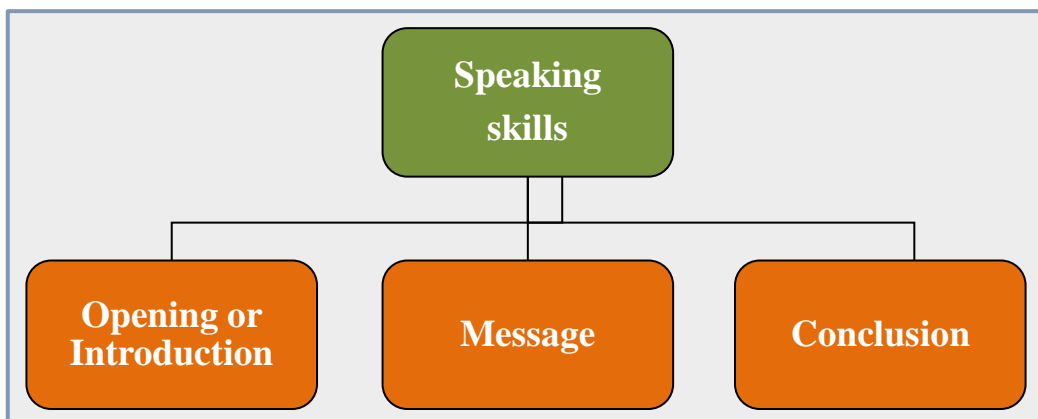
- b. Speaking:** These skills enable a speaker to communicate his/her thoughts more effectively by being involved, kind, knowledgeable, and convincing way Speaking can be interactive like telephone or face-to-face, or partially interactive like when Speaker is delivering a speech/ addressing group of customers (Fig. 3.4) or it can be non-interactive like recording a radio program.



**Fig. 3.4: Speaking**

**Source: [shorturl.at/afvAP](https://shorturl.at/afvAP)**

The most effective speaker follows the structure/framework of content in three parts: Introduction or Opening, Main Content or Message and Conclusion (fig.3.5).

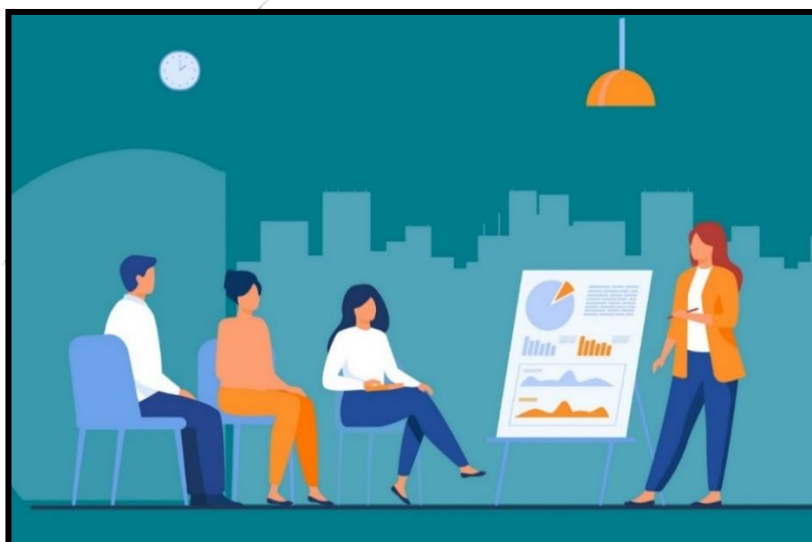


**Fig. 3.5: Content Part of Speaking Skills**

To be an impressive speaker one has to be a good listener and able to organise thoughts quickly as per the level and understanding of the audience. Practice again and again over the topic enhances the confidence of the speaker.

- c. Personal Presentation:** It involves effective ways of presenting and creating an impression. It includes an extensive variety of skills starting from personal appearance, good self-confidence, verbal and non-verbal communication skills, and behavioural skills (Fig. 3.6).

To develop personal presentation skills, one has to present with passion and sincerity, address the entire group so that no one feels ignored, keep track of the time and duration of the presentation, and work on grooming and self-confidence.



**Fig. 3.6: Personal Presentation**

The way the presenter is appearing, walking, speaking, and using his or her body language to deliver the content decides his/her popularity and acceptance in the audience.



Body language has the power to create or destroy a personal presentation despite good content and hours of presentation.

Body Language includes;

S. No.	Attributes of Body Language	Details	Do's	Don'ts
1	Posture	The way of standing or sitting	Flexible and erect posture	Stiff or slouching posture
2	Head motion	The way of moving head	Appropriate Nods	Keep shaking head
3	Facial expression	The expressions on the face	Proper smile, attentive	Tense, shocked, or nervous expression
4	Eye Contact	The contact of eye with the audience	Correct eye contact covering all participants	Eyes fixed on a particular direction /group
5	Gestures	The intentional /unintentional movement of the body like hands, fingers, etc.	Control of self, using hands to emphasize, firm handshake	Biting nails, fidgeting, shifting of legs, twisting shirt buttons, scratching nose, etc.

**Table 3.2: Attributes of Body Language**

As per the **Table 3.2**, for effective personal presentation, one has to avoid incomplete sentences, too slow or too fast delivery, unclear and vague messages, and usage of negative words which could hurt sentiments.

### **ADDRESS ESCALATED CUSTOMER CONCERNS**

Sometimes customer concerns go beyond control. These are delicate situations in which one has to take focused and specific actions to protect the policies of the organisation and at the same time retain the customer.

The following are the ways to address escalated customer concerns:

- a) Be Professional and avoid any direct response.
- b) More important is to deal with emotions than the debate on facts.
- c) If the customer is speaking loudly then you should speak as softly as possible but be firm and logical on your points.
- d) Actively listen and give time to the customer to empty all his/her concerns.
- e) Ask questions politely to get to the depth of the problem and understand the situation.
- f) Apologise and give all possible solutions.
- g) Avoid passing blames and reach a win-win situation.
- h) If the solution is not possible at that moment, then further escalate the matter to the right person

### **GOOD PRACTICES IN CUSTOMER HANDLING**

The main purpose of educating colleagues on good practices in customer handling is to increase customer satisfaction, build up revenue and profits, encourage new customers, and hold old ones.

Following are the ways to educate colleagues on good practices in customer handling;

- a) Encourage understanding by asking them to always put themselves in place of the customer and feel the same way.
- b) Practical demonstration of handling customers successfully.
- c) Discuss innovative and creative ways to solve problems.
- d) Setting clear expectations and standards help them understand their responsibilities toward customer service.
- e) Train colleagues on a crisis or emergency handling situations like situations in which a major product is withdrawn from the market, the company is rebranding, or a part or entire product is defective.
- f) Constantly work on effective listening skills.
- g) Remaining calm, poised, and dignified in difficult situations.
- h) Declare awards and honours for best customer service.

### **Activities**

**Activity 1:** Demonstrate Communication Skills through Role-play

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Divide the class into groups
2. Assign one Communication skill (Listening, Speaking, and Personal presentation) to the group
3. Prepare the script which covers the different communication skills.
4. Based on the script assign the roles among the group members.
5. Practice the role statement as per the allotted roles.
6. Each group has to demonstrate the skill assigned to them.
7. Discuss the leanings in the class and handle queries for other group members.

**Activity 2:** Discuss the Importance of Body language and what kind of practical skills with the help of the chart

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Based on your observation of the performance of role play, tick mark for each group at the appropriate column

Sl. No.	Body language	Yes	No
a.	Were they in proper body posture?		
b.	Were they using proper head movement?		
c.	Do you they had the right facial expressions throughout the role-play?		
d.	Were they maintaining eye contact properly?		
e.	Were they using gestures to create an impact?		

2. Incorporate discussed aspect on the importance of body language in the chart and submit to the teacher for observation
3. Prepare chart in each group by covering the above points.
4. Present the chart in the class and handled queries from other group member.

**Check Your Progress****A. Fill in the Blanks**

1. The word communication is derived from the word \_\_\_\_\_
2. Verbal communication is also known as \_\_\_\_\_
3. The information is \_\_\_\_\_ by the sender.
4. \_\_\_\_\_ skill defines the ability to receive and interpret the message accurately.
5. \_\_\_\_\_ involves effective ways of presentation and creating an impression.

**B. Multiple Choice Questions**

1. The content part of speaking skills includes-
  - a) Body
  - b) Introduction
  - c) Conclusion
  - d) All of above
2. Which one is not a part of non-verbal communication -
  - a) Facial expressions
  - b) Gestures
  - c) Emails
  - d) Posture
3. The flow of communication includes -
  - a) Sender
  - b) Receiver
  - c) Channel
  - d) All of the above
4. When customer concerns go escalated then what one should not do-
  - a) Be Professional and avoid any direct response.
  - b) More important is to deal with emotions than a debate on facts.
  - c) Blame the customer or other colleagues
  - d) Ask questions politely to get to the depth of the problem and understand the situation

5. Which one can be instrumental in good practice in customer handling?
- Constantly work on effective listening skills.
  - Remaining calm poised and dignified in difficult situations.
  - Declare awards and honor for best customer services.
  - All the above

**C. State whether the following statements are True or False**

- Practical demonstration of handling customers successfully is a way of educating colleagues in customer handling.
- There is no need to apologies to customers in any case.
- Speaking can be non-interactive also.
- The message is decoded by the receiver.
- Speaking on the telephone is a form of non-verbal communication.

**D. Match the Columns**

	Column - A		Column - B
1	Verbal communication	A	Facial expressions
2	Nonverbal communication	B	Maps
3	Written communication	C	Way of standing or sitting
4	Visualizations	D	Email
5	Posture	E	Face-to-face communication

**E. Short Answer Questions**

- What is the meaning of communication?
- What is the importance of nonverbal communication?
- What are the content parts of speaking?
- How personal presentation can be made impressive?
- What is the significance of visualizations in communication?

**F. Long Answer Questions**

- Explain types of communication skills with examples.
- What are the ways to educate colleagues on good practices in customer handling?

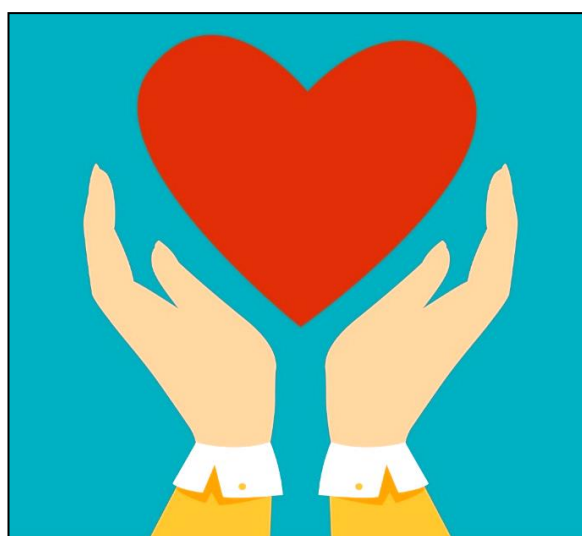
3. What are the ways to address escalated customer concerns?

### G. Check your performance

1. Prepare chart showing attributes of body language.

## Session 2: Sensitivity in Behaviour

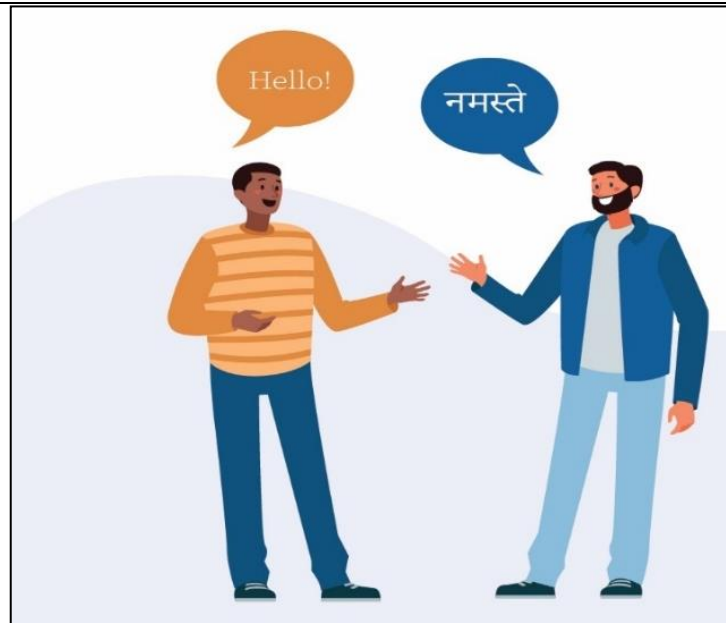
The Customer Service team deals with a variety of customers on daily basis. Each customer is unique with different socio-cultural backgrounds, languages, habits, preferences, fears, and buying behaviour. In customer-centric services, it gets challenging to understand and fulfil their wants, needs, and desires. Sensitivity is the key to customer satisfaction and delight (fig. 3.7).



**Fig. 3.7: Sensitivity and Customer Service**

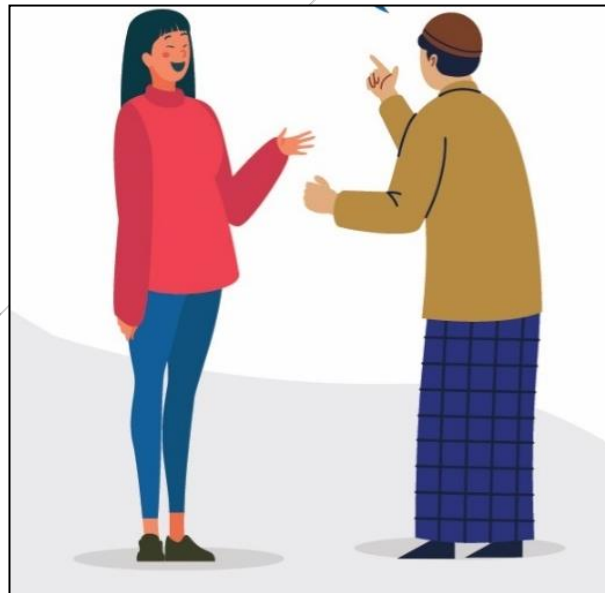
To adopt a customer-centric approach, organisations need to be sensitive towards Language, Gender, Cultural and Social factors which help in improving relationships with not only customers but also with vendors and interpersonal relations with team members too.

- a. Sensitivity towards Language:** Dealing with customers involves interaction with a wide variety of individuals and societies with different lifestyles, backgrounds, expectations languages, and styles of communicating (Fig. 3.8). The language Professionals use with customers should be general and free from any kind of partiality. Also, it is expected they should not be judgmental of the customer's movements, and choice of language and speak the language customer is comfortable in.



**Fig. 3.8: Sensitivity Towards Language**

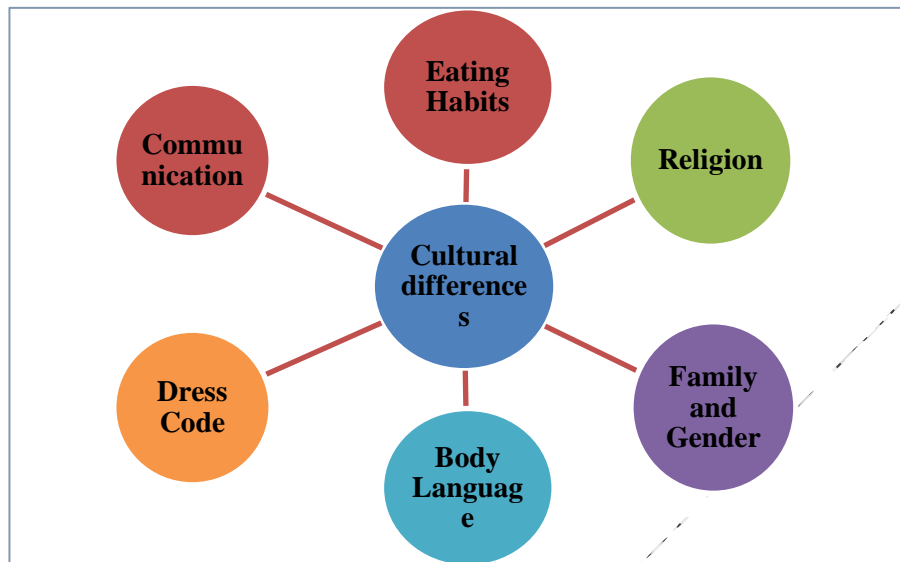
- b. Sensitivity towards Gender:** It means being respectful and sensitive towards feelings of the opposite gender. While adopting customer-centric services it is important to set the limit and boundaries of behavior in a well-defined manner. Customer services should be kind and everyone should feel a stress-free environment not any bias towards any gender (Fig. 3.9).



**Fig. 3.9: Gender Equality and Sensitivity**

It is important to train staff with developing sensitivity towards the need of both genders. Males are perceived to be more practical and result-oriented while females are on the creative and emotional side. It is always suggested to use gender-neutral terminology in language.

- c. Sensitivity towards Culture:** It implies working on a idea that all customers belong to different cultural backgrounds (Fig. 3.10) which influence their choices, decision making, and way of living. Customers always demand respect for their culture.



**Fig. 3.10: Different Attributes in Cultures**

Customer services should be designed to address these points of differences in a culture to understand it better and reduce partialities (Fig. 3.11).



**Fig. 3.11: Sensitivity Towards Culture**

- d. Sensitivity towards Social Factors:** It describes the level to which an individual or group of individuals understand socially accepted norms, beliefs, and ideas. While dealing with customers organizations should



not discriminate based on social factors which are family background, wealth, income, education, occupation, power, and prestige.

- e. Social Differences:** Social differences are the conditions when an individual or group is discriminated against based on social or economic conditions or a race.
- f. Teaching Sensitivity:** Teaching Sensitivity in addressing customers, superiors and colleagues is being respectful of the way of living, feelings, and background of others. It enhances mutual understanding.

### Steps in Teaching Sensitivity in Behaviour

- a) Teaching, active listening skills that enhances sensitivity and mutual respect.
- b) Form and develop an emotional connection during communication.
- c) Provide opportunities for self-analysis and self-reflection.
- d) Increase awareness about other cultures.
- e) Exercises and simulation techniques to learn to appreciate and understand differences.
- f) Activities, examples and exercises of acceptance of new ideas, feelings and the differences.

Finally, it results in more openness, sensitivity and freedom.

## Activities

### Activity 1: Sensitivity in Language

**Materials Required:** Whiteboard and markers, Cards with phrases or sentences representing different communication styles, Chart paper and markers

#### Procedure:

1. Start with a brief discussion about the importance of sensitivity towards language in customer service.
2. Divide the students into small groups.
3. Provide each group with a set of cards containing phrases or sentences.
4. Each group should categorize the phrases into "Sensitive" and "Insensitive" language based on customer service interactions.
5. Discuss the choices made by each group, emphasizing the impact of language on customer satisfaction.

6. Ask each group to come up with alternative, more sensitive phrases for the insensitive ones they identified.
7. Have each group present their findings and alternative phrases to the class.
8. Summarize the key points on a chart paper, highlighting the importance of using language that is free from bias and judgment in customer interactions.

**Activity 2: Gender Sensitivity Workshop**

**Materials Required:** Flip chart paper and markers, Case studies or scenarios depicting gender-related challenges in customer service, Role-playing scenarios

**Procedure:**

1. Begin with a brief discussion on the significance of gender sensitivity in customer service.
2. Break the class into smaller groups.
3. Provide each group with a case study or scenario related to gender issues in customer interactions.
4. Ask each group to analyze the scenario, identify potential challenges, and propose solutions to address them.
5. Conduct role-playing exercises where students act out scenarios, emphasizing gender-sensitive communication.
6. Facilitate a class discussion on the role-plays, highlighting effective and sensitive communication strategies.
7. Conclude with a summary of key learnings and the importance of creating a gender-neutral and respectful customer service environment.

**Activity 3:** Prepare a chart on social differences through a picture presentation

**Material Required:** Drawing Sheets, Colors, Newspapers/magazines.

**Procedure:**

1. Divide the class into 5 groups
2. Prepare a chart with the help of the material collected on social differences.
  - a) Difference in a set of people due to difference in their race, religion, language or culture.

- b) People choose to follow or not to follow a particular religion.
  - c) Economic inequalities existing in the society, e.g. Rich and poor persons from the same family.
3. Paste pictures from magazines/newspapers or illustrate on your own with the colors for good design.
  4. Present the chart in the class and handled quarries from other group members.
  5. Prepare final chart on social differences based on the discussions in the class and submit it to the class teacher.

### Check Your Progress

#### A. Fill in the Blanks

1. Being Sensitive means a person who is \_\_\_\_\_ of the feeling of others.
2. The language Professionals use with customers should be \_\_\_\_\_
3. Sensitivity towards Gender means being \_\_\_\_\_-towards feelings of opposite gender.
4. Customers always demand \_\_\_\_\_ for their culture.
5. \_\_\_\_\_ are the conditions when an individual or group is discriminated against based on social or economic condition or race.

#### B. Multiple Choice Questions

1. The points of differences in culture include;
  - a) Eating habits
  - b) Dress code
  - c) Language
  - d) All of the above
2. Which one is not a way of teaching sensitivity -
  - a) Form and develop an emotional connection during communication.
  - b) Provide oportMODULEEies for introspection and self-reflection.
  - c) Self-grooming to impress customers
  - d) Increase awareness of other cultures.
3. Which one is the common perception towards the male gender -
  - a) Take too much time shopping

- b) Emotional
- c) Practical and result oriented
- d) Creative

4. The language professionals use should be -

- a) Their mother tongues
- b) Of their choice
- c) Easily understood by the customer
- d) Corporate jargons

5. Sensitivity in customer handling should be towards:

- a) Language
- b) Gender
- c) Cultural and social factors
- d) All the above

**C. State whether the following statements are True or False**

1. It is not necessary to be sensitive toward vendors.
2. Professionals can be judgmental towards customers' mannerisms.
3. All customers should be treated in the the same way.
4. Teaching active listening skills to enhance sensitivity and mutual respect.
5. Exercises and simulation techniques are not useful in learning to appreciate and understand differences.

**D. Match the Columns**

	Column - A		Column - B
1	Cultural Differences	A	Appreciative and respectful of the feeling of others
2	Females	B	Family Background
3	Sensitivity	C	Creative and emotional
4	Social Factor	D	Easy and inoffensive
5	Language	E	Eating habits

**E. Short Answer Questions**

1. What is the meaning of sensitivity?
2. What is the importance of sensitivity towards language?
3. What are social factors?
4. What is gender sensitivity?
5. How professional can be sensitive towards a culture of a customer?

**F. Long Answer Questions**

1. How do social factors affect consumer behavior?
2. Why an understanding of the cultural differences of customers is important?
3. What are the ways of teaching Sensitivity in addressing customers, superiors, and colleagues?

**G. Check your Performance**

1. Prepare World map or images representing different cultures.

### Session 3: Communication at Workplace

For achieving efficiency in operations and productivity at the workplace, communication plays an vital rôle. Employees who can communicate effectively with their co-workers or colleagues, superiors, and customers prove to be valued assets.



**Fig. 3.12: Communication at Work Place**

Poor communication at the workplace leads to staff with low confidence, morale and productivity (Fig. 3.12).

Following are the ways to improve communication at the workplace:

- Open communication is always welcome.
- There should be a place for innovation and new ideas.
- Always follow active listening and responsiveness in communication.
- Clear expectations in a job role, targets and resources so that one can avoid confusion and uncertainty.
- Regular updating and review of progress.
- Choice of words that are polite, to the point and not offensive.
- Choose an appropriate medium to communicate effectively.
- Poor communication leads to errors, low productivity, low morale, absenteeism, confusion and dissatisfaction.
- At the workplace, communication has to be more accessible, and responsive with a dose of humour.

### **TYPES OF COMMUNICATION IN THE WORKPLACE**

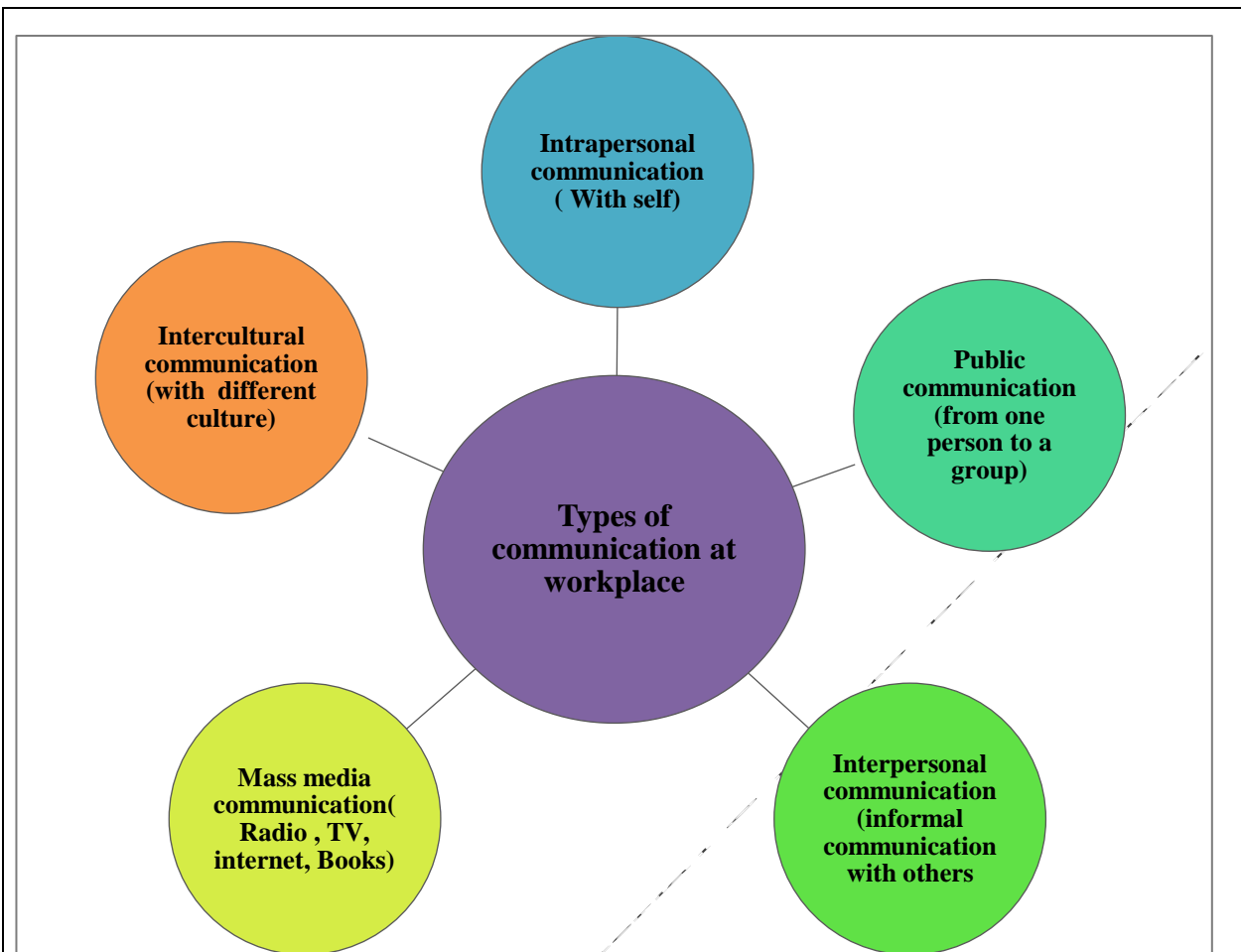
Communication is a vital aspect of the workplace, facilitating the exchange of information, ideas, and feedback. Different types of communication are utilized to convey messages within an organization. The following (Fig. 3.13) are the types of communication in the workplace:

- Intrapersonal communication (With self)
- Public communication (from one person to a group)
- Interpersonal communication (informal communication with others)
- Mass media communication (Radio, TV, internet, Books)
- Intercultural communication (with different culture)

### **Training of staff to cooperate, coordinate and collaborate to achieve shared goals:**

It is very important to train staff regularly to increase their efficiency, usefulness, productivity and job satisfaction. Let us first understand the concept of cooperation, collaboration and coordination (Fig. 3.14). According to '**Collins**' the meaning of the three terms used in business are as under:

- **Cooperation:** It is an act of working together for a common goal or can say a joint effort for operation. Cooperation usually consists of two or more people sharing ideas or activities. It is usually an informal process.



**Fig. 3.13: Type of Communication at Workplace**

- **Collaboration:** It is an act of working together mostly with people of different skills and expertise to achieve the desired output.
- **Coordination:** Coordination means organising the activities of two or more groups so that they work together efficiently.

Training of staff members to cooperate, coordinate and collaborate to achieve shared goals is based on these pillars:

Following are the ways to train the staff to cooperate, coordinate and collaborate to achieve shared goals:

- Shared goals can be achieved when all staff members support each other and do their share of the work sincerely.
- Clear communication is always very important for the role clarity of all members.
- Give them the independence to take immediate decisions.
- The leadership should be well-defined and accepted.

- Staff should be clear about the availability of resources to meet the shared goal.
- As the team members have expertise in different areas of complementary skills; they should be trained to solve problems not on an individual level but in favour of the group.



**Fig. 3.14: Pillars of Training to Achieve Shared Goals**

- Special training is given to build bonds and relationships.
- Constantly work on group standards for meetings and communication.
- Train the staff members on being transparent so that they share information, concern, progress and barriers freely.

**Training of Staff to gain Customer Loyalty and Satisfaction:** while giving training to staff to gain customer loyalty their passion, understanding and appearance are very important. Without that customers can never be satisfied or loyal.

The staffs have to be trained, practice and work on these areas:

- The staff has to be proactive in giving customer service. Don't wait for customers to approach them.



- Development of customer service cells and communities' increases loyalty and reduces complaints.
- Customers should be treated in the way the staff wants them to be treated. It will improve patience and gentleness in staff behaviour.
- Personalised services always bring happiness.
- Reduce waiting time for customers.
- The proper study of customer complaints leads to effectively dealing.
- Always provide customer support from all channels.
- Always work on customer's want, needs, and desires.
- Be updated about the latest trends in market and new products.

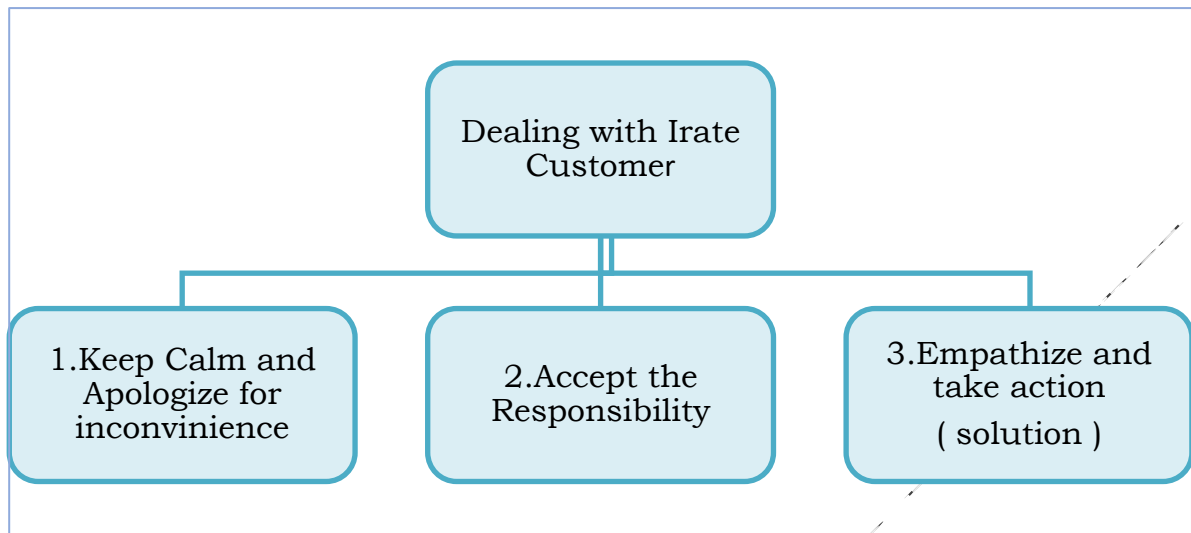
### **DEAL WITH IRATE CUSTOMERS**

There is a situation in the life of professionals when customers are angry or unhappy with products or services. These are very challenging times. It is very important to be calm, attentive, and in active listening mode without taking things personally (Fig. 3.15).



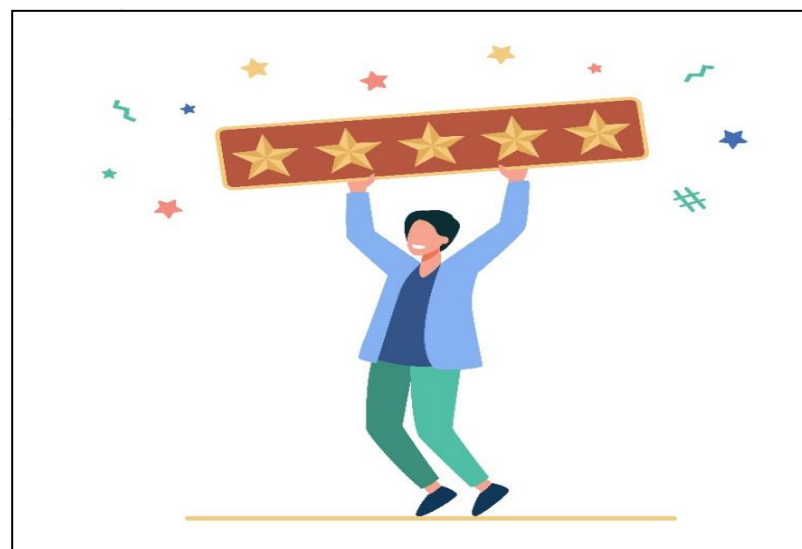
**Fig. 3.15: Irate Customer**

The best way to deal with an irate customer is to adopt a three-point formula (Fig. 3.16):



**Fig. 3.16: Dealing with Irate Customer**

1. Whenever an irate customer approach it is important to keep calm and the first response should be an Apology for the inconvenience.
2. Accept the responsibility and assure the customer that all the queries and concerns are going to be addressed. Thank them for bringing the matter to your notice.
3. Empathize in responses as the staff is feeling the pain of the customer and explain to the customer the best possible solution and the probable time taken to resolve the issue.



**Fig. 3.17: Happy Customer**

**Source: [shorturl.at/XYZ04](http://shorturl.at/XYZ04)**

Making customer happy (Fig. 3.17) and satisfied with the products and services must be the priority

Use phrases like;

- a. *How can I help you?*
- b. *I know... I can fully understand your frustration.*
- c. *We are always there for you.*
- d. *Please tell me what happened.*
- e. *We are extremely sorry for the inconvenience caused.*

### **Handling Customers with Good Communication Skills**

Handling customers with good communication skills are crucial in the banking sector to ensure a positive customer experience. Effective communication helps build trust, resolve issues, and strengthen the relationship between the bank and its customers. Following are the key aspects of handling customers with good communication skills:

- 1. Active Listening:** Engage in active listening by giving full attention to customers, making eye contact, and showing empathy. Ensure you understand their needs or concerns before responding. This not only builds trust but also allows for accurate problem resolution.
- 2. Clarity and Conciseness:** Communicate information clearly and concisely. Avoid using complex banking terminology or jargon that might confuse customers. Present information in a straightforward manner, ensuring customers comprehend details related to their accounts, transactions, or services.
- 3. Empathetic Responses:** Demonstrate empathy by acknowledging and understanding the customer's feelings or situation. Use empathetic language to convey that you appreciate their concerns. This human touch in communication helps in establishing a rapport and assures customers that their issues are being taken seriously.
- 4. Positive Tone and Language:** Maintain a positive and friendly tone throughout interactions. Use polite language and be courteous, even in challenging situations. A positive demeanor fosters a welcoming atmosphere and enhances the overall customer experience.
- 5. Customized Communication:** Tailor your communication to suit the customer's level of understanding and preferences. Some customers may

prefer detailed explanations, while others may appreciate a more concise approach. Being adaptable in your communication style ensures a personalized experience for each customer.

- 6. Problem-Solving Skills:** Demonstrate effective problem-solving skills when addressing customer issues. Clearly explain the steps taken to resolve the problem, provide realistic timelines, and offer alternatives if applicable. Customers appreciate transparency and proactive solutions.

### Activities

**Activity 1:** Demonstrate communication skills at the workplace

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Divide the class into groups
2. Simulate workplace environment in the class
3. Create departments like customer service, sales, operations and allot among the groups.
4. Each group collect relevant information on collected topic.
5. Prepare the presentation in covering all the points required with suitable images.
6. Demonstrate communication skills at the workplace which will cover the allocated topic.
7. Discuss the leanings in the class and handling the queries from the other group members.
8. Prepare final presentation with covering the changes and submit it to teacher.

**Activity 2:** Demonstrate the ways to deal with the irate customer through role play

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Divide the class into 4-5 groups.
2. Each group will play the role play on irate customers and professionals dealing with different strategies.
3. Create reasons for dissatisfaction of the customer and find out the suitable solutions.

4. Demonstrate the ways to deal the irate customers with suitable strategies and aspects.
5. Discuss the leanings in the class and handled queries from other group members.
6. Prepare a report on social differences based on the discussions in the class and submit it to the class teacher.

### Check Your Progress

#### A. Fill in the Blanks

1. \_\_\_\_\_ at the workplace leads to staff with low confidence, morale, and productivity.
2. Always follow active \_\_\_\_\_ in communication.
3. \_\_\_\_\_ is an act of working together for a common goal.
4. \_\_\_\_\_ can be achieved when all staff members support each other.
5. Staff has to be \_\_\_\_\_ in giving customer services.

#### B. Multiple Choice Questions

1. The types of communication at the workplace include;
  - a) Interpersonal communication
  - b) Public communication
  - c) Intercultural communication
  - d) All of the above
2. Which one is not an effective way to improve communication in the workplace?
  - a) Always follow active listening and empathy in communication.
  - b) Choose any medium as per choice to communicate.
  - c) Regular updating and review of progress.
  - d) Choice of words which are courteous, to the point and not offensive.
3. Which is the correct way for staff to achieve shared goals -
  - a) Cooperate
  - b) Collaborate
  - c) Coordinate
  - d) All of the above

4. Pillar of training to achieve shared goals does not include-
  - a) Intolerance for the mistakes of others
  - b) Consistency of efforts
  - c) Compromise for benefit of the group
  - d) Authenticity and integrity in behavior
5. The ways to train staff to gain customer loyalty:
  - a) Reduce waiting time for customers.
  - b) Proper study of customer complaints throws light on areas of improvement.
  - c) Always provide customer support from all channels.
  - d) All of the above

**C. State whether the following statements are True or False**

1. Personalized services do not affect customer satisfaction.
2. Clear Communication is always very important for the role clarity of all members.
3. Coordination means organizing the activities of two or more groups.
4. Regular updating and review of progress are not necessary.
5. There should be a place for innovation and new ideas in an organization.

**D. Match the Columns**

	<b>Column A</b>		<b>Column B</b>
1	Type of communication	A	Collaborative efforts
2	To achieve shared goals	B	Listen attentively and apologise
3	Reduce waiting time	C	Active listening and empathy
4	Deal with irate customers	D	Increases Customer satisfaction
5	Workplace communication	E	Mass Media

**E. Short Answer Questions**

1. What do you mean by communication at the workplace?
2. Why training is required to achieve shared goals?

3. What do you understand by the irate customer?
4. What is Customer loyalty?
5. Why Clear communication is important in the workplace?
6. Explain how to Handle customers?

#### **F. Long Answer Questions**

1. What are the types of communication at the workplace?
2. How staff is trained to gain customer loyalty and satisfaction?
3. How shared goals are achieved in the workplace?
4. What are the ways to deal with irate customers?

#### **G. Check Your Performance**

Prepare chart showing handling customers with good communication skills.

### **Session 4: Maintain Service Orientation and Implementation**

Good Governance includes the right decision in favour of organisation. It is achieved by proper feedback, transparency, honesty, and quick decision-making educating team members to work together for superior customer service.

#### **CUSTOMER CENTRIC CHALLENGES**

Customer-centric challenges in banks can arise due to various factors, impacting the overall customer experience and satisfaction. Here are six common challenges that banks face in maintaining a customer-centric approach:

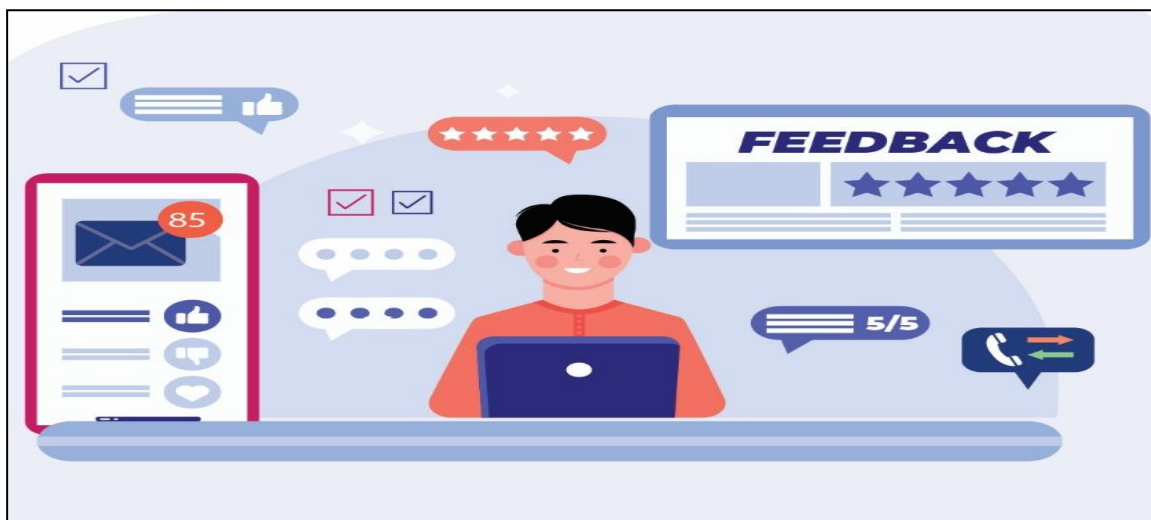
	<b>Challenge</b>	<b>Impact</b>
<b>Technology Integration</b>	Keeping up with rapidly evolving technology and ensuring seamless integration of digital channels and services can be challenging for banks.	Customers expect user-friendly online platforms, mobile banking apps, and digital services. Failure to integrate technology effectively may result in dissatisfaction and the loss of tech-savvy customers.
<b>Data Security Concerns</b>	Maintaining robust cybersecurity measures to protect customer data and financial	Security breaches can erode customer trust. Banks must continually invest in cybersecurity infrastructure and communicate

	transactions is an ongoing challenge.	their commitment to protecting customer information.
<b>Regulatory Compliance</b>	Staying compliant with constantly evolving financial regulations and ensuring that customer interactions adhere to legal standards.	Non-compliance can lead to legal issues, fines, and damage to the bank's reputation. Striking a balance between compliance and customer convenience is crucial.
<b>Personalization and Customer Understanding</b>	Understanding individual customer needs and providing personalized services can be challenging, especially for larger banks with diverse customer bases.	Lack of personalization may lead to customers feeling undervalued. Banks need to leverage data analytics and customer insights to tailor services to individual preferences.
<b>Multi-Channel Consistency</b>	Maintaining consistency in customer experience across various channels, including branches, online platforms, and mobile apps.	Inconsistencies can lead to confusion and frustration among customers. Ensuring a seamless transition between channels is vital for a positive customer experience.
<b>Employee Training and Engagement</b>	Ensuring that frontline staff is well-trained, motivated, and empowered to provide exceptional customer service.	Disengaged or poorly trained staff can negatively impact customer interactions. Investing in ongoing training and fostering a customer-centric culture is essential.

### FEEDBACK AND ITS FEATURES

It is the information received from customers about their experience with a product or service (Fig. 3.18).





**Fig. 3.18: Feedback**

The purpose of taking feedback is to find out the level of satisfaction of customers, know about product performance and find out the scope for improvement. Feedback can be collected by;

- Surveying and Polling
- Interviewing
- Reviews
- Passive feedback collection in the form of comments, complaints, or compliments
- Online ratings
- Phone calls
- E-mails
- Comments on social networking sites
- Customer round tables and discussions
- Mobile apps

Following are the main features of Feedback:

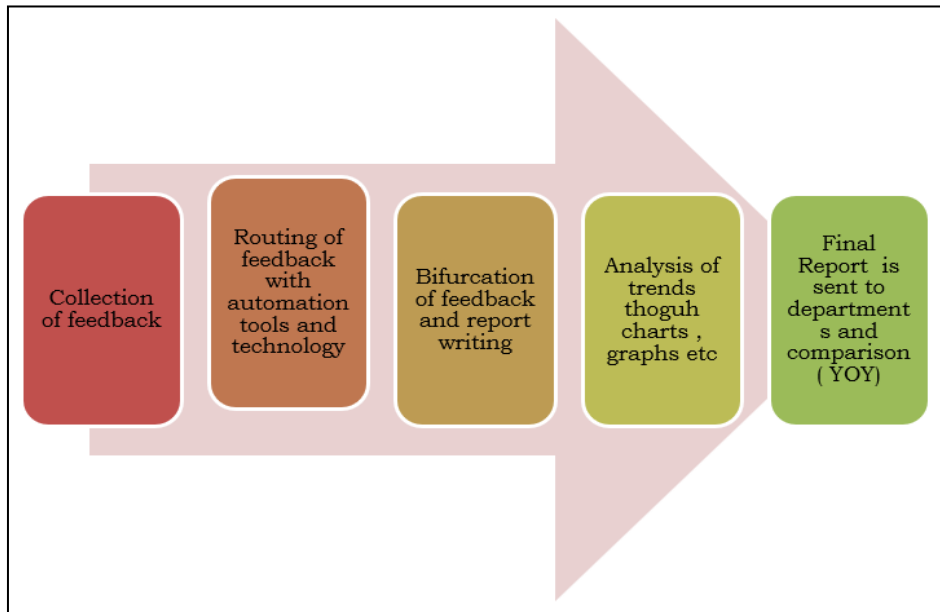
- a) It acknowledges the corporates to create an understanding through different channels about the features to improve customer experience.
- b) It helps the entire staff from top to bottom management to understand their customers in a better way and effectively enhance the happiness and loyalty of a customer.
- c) It enables businesses to track reviews of a product and /or services.

- d) It helps in finding trends and hidden patterns from unstructured data and documented information.
- e) It enables to link of collected data to customer relationship management.
- f) It gives comprehensive information about customers and gives clarity on their buying experiences.
- g) It enhances the visibility of the brand.
- h) Help all employees to understand their buyers in a better way.
- i) It helps in analyzing the customer data quickly and informs any specific consumer experience so that any corrective action can be taken.
- j) It boosts customer loyalty and satisfaction.
- k) Positive feedback helps to attract new customers.

#### **FEEDBACK COLLECTION AS PER THE COMPANY'S SOP**

After collecting feedback, it has to be organised. Following are the ways points to organise feedback as per the company's SOP (Fig. 3.19).

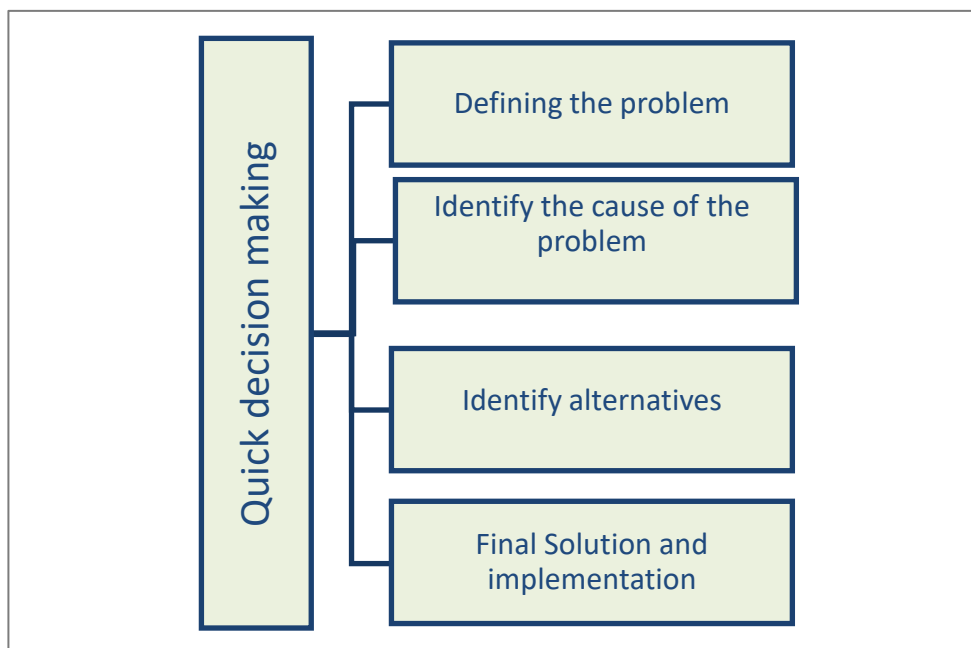
- a) Feedbacks come from different sources like surveys, customer emails, etc.
- b) Routing of feedback with the help of automation tools and technology from different sources into files of customer database, or a sheet or product management team.
- c) Feedback is bifurcated into categories and a report is made which helps in improving customer-centric services.
- d) Charts and graphs are created on a weekly/monthly basis and general trends are analyzed.
- e) The report is sent to the marketing, customer care, data, and product development team where a comparison of data is done with the previous year.



**Fig. 3.19: Organising feedback**

### **ADDRESS PROBLEMS BY QUICK DECISION MAKING**

In case of any problem, customers expect quick decisions (Fig. 3.20). The following steps enable quick decision-making:



**Fig. 3.20: Decision Making**

- 1. Defining the problem:** For the right decision, it is important to define the problem and break it into parts and set priority for which part to be addressed first and categories between important and urgent. It is better to address an important problem before it becomes an urgent issue.

- 2. Identify the causes of the problem:** working on the causes of the problem helps in understanding it better. Some questions like where, how, when, why and with whom have to be addressed.
- 3. Identify alternatives for solving the problem:** Collecting ideas and screening them will create alternatives.
- 4. Final decision-making or solution:** For the final decision, the alternative is giving a long-term solution, realistic, affordable, within available resources, not very risky and within the time limit. Finally, implement the decision with the team following all the steps.
- 5. Monitor implementation of the plan:** It is necessary to monitor the progress of the plan as decided and necessary actions are taken in case of any deviation.

### PROMOTE CLARITY, HONESTY AND TRANSPARENCY IN DEALING WITH CUSTOMERS AND COLLEAGUES

Transparency is essential in dealing with customers and colleagues for good governance as a result an environment is created to share information freely (Fig. 3.21). Following are the ways to promote clarity, honesty, and transparency:

- 1. Encouraging Open Communication:** If communication is open customers and colleagues can approach any time with any problem.
- 2. Regular Meetings and Workshops:** If a separate space in offices is dedicated to regular meetings and workshops exchange of ideas, concerns and betterment plans take place which promotes clarity at all levels.



**Fig. 3.21: Dealing with Customers and Colleagues**

- 3. Building Team Culture:** Hiring people who are team players and accountable for their responsibilities the attributes of honesty and transparency are easily developed.
- 4. Create Role Models within Organisation:** A culture of honesty starts with top management and flows to all members of the team. Hence models within organisations build a sense of trust.
- 5. Using online Mediums Proactively:** Transparency, clarity and honesty between Management, customers and colleagues can be promoted if online mediums like web-based solutions, social media, and intranet are used wisely and help in building loyalty.
- 6. Rewarding and Encouraging Honesty:** Appreciating and rewarding honest work and efforts spreads will to perform and demonstrate honesty.
- 7. Acceptance of Criticism:** When criticism is constructive it helps in creating transparency.
- 8. Socialising:** Create opportMODULEEies for socialising with customers and colleagues. It increases their belongingness to the organisation.
- 9. Special Efforts to bring clarity for Customers:** No hidden costs, sharing new updates and availability 24x7 for them to build moments of trust, clarity, and confidence.

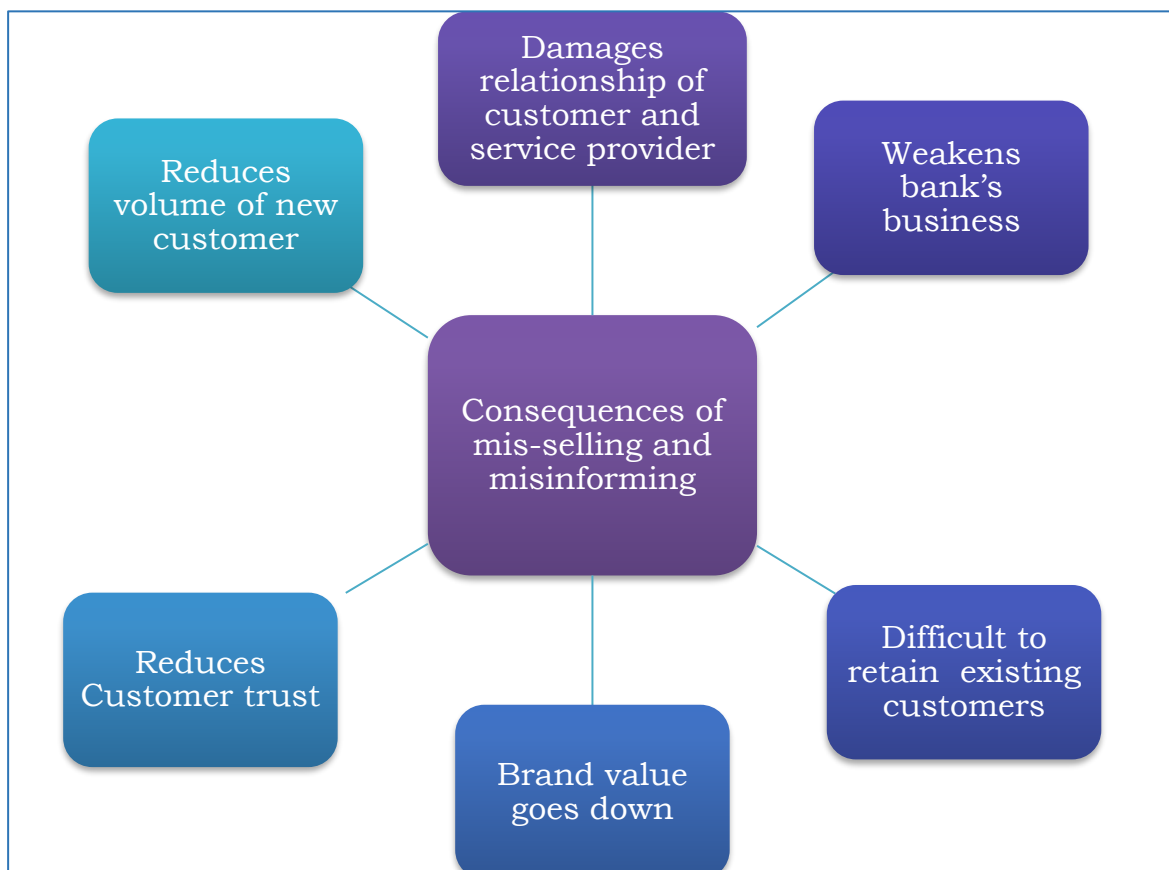
**Educate the Team on Adverse Consequences:** For Good Governance and customer-centric services mis-selling and misinformation have to be avoided. Surveys show that employees especially in the bank sector mis-sell/inform by persuading customers to buy a product that is not needed or fit for them or make fake promises just to increase their commission per sale. By end of the day, the customer feels cheated. Misselling/informing can be done in the following ways:

- a) Inappropriate sale of third-party financial products
- b) Not enough transparency when the product was sold
- c) Not given clarity on the grievance redressal process.
- d) Refusal or deliberate delay in after-sales service

Educating team on adverse consequences to avoid mis-selling and misinforming based on the following points(Fig. 3.22):

- a) As per RBI customers who are misinformed can approach directly to banking ombudsman which enables the solution of complaints related to services and facilitates appropriate settlement.

- b) It has very dreadful and expensive consequences in the form of paying compensation.
- c) Customer loses trust and confidence if he is given incorrect information or sold the wrong product.
- d) The reputation of the organisation gets damaged which in turn is their loss also.
- e) Drill on product's features, advantages, and benefits (FAB analysis)
- f) Training on how to target potential customers for products to avoid any discrepancy.
- g) Educating team on covering all phases of the sales process. Skipping any phase/part may lead to adverse consequences.
- h) Proper check of process at all levels to avoid dangerous consequences of misselling ensuring ethical sales.
- i) Random audits of sales and performance reviews help in avoiding miss-selling and mis-informing.



**Fig. 3.22: Consequences of Miss-Selling and Misinforming**

## ENHANCING BRAND VALUE OF COMPANY THROUGH SUPERIOR CUSTOMER SERVICE

In today's world, superior customer service is the most important competitive advantage (Fig. 3.23).



**Fig. 3.23: Superior Customer Service**

Superior customer services include;

- 1. Customer Feedback:** Ongoing feedback from customers is an integral part of superior customer service. Brands must create different processes to check and track both positive and negative feedback from customers and design proper response mechanisms in a time frame.

As a result, it provides insight that will improve customer relationships, product life cycle, and R&D (Research and Development).
- 2. Quality Interactions:** The interaction with customers should have quality to touch their inner cord. Use of technology helps in providing faster and more accurate solutions. The fundamentals of good customer interaction are all the same. Appreciate your customers, be honest with them, address concerns, resolve issues quickly, and keep them engaged with your brand. After all, they're your partners in success.
- 3. Building long-term relationships with customers:** all efforts in customer care should focus on building emotional connections and long-term relationships with customers.
- 4. Profiling customers and customised services:** Knowing the customer's background, needs, and wants help in giving customised services.

**5. Proper Training:** It is important to identify the training needs of employees for superior customer service.

Superior customer services help in retaining existing customers, extracting maximum business from them and increasing brand value as a happy and loyal customer generates more potential customers to interact with the brand. Superior customer services result in engaged, empowered customers and motivated team members that reflect in purchase volume, customer retention, escalates brand loyalty, social media mentions, repeat purchases and referrals. It helps in building brand value.

### Activities

**Activity 1:** Demonstrate how to organise feedback as per company policy

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Divide the class into 4-5 groups.
2. Ask students to collect feedback from the customer group on any product.
3. Bifurcate into positive and negative feedback collected by them.
4. Prepare presentation by using feedback collecting mechanism.
5. Discuss the advantages of feedback.
6. Discuss the leanings in the class and handled queries from the other group members.
7. Incorporate the changes in the presentation as per the suggestions given by the peer.
8. Prepare a report and submit it to the teacher.

**Activity 2:** Demonstrate the ways to educate the team to avoid miss-selling and mis-informing

**Material Required:** Notebook and pen/pencils

**Procedure:**

1. Divide the class into three groups
2. One group will be the customer group and the others will play sales team and a training team
3. Sales team will see the product/services by miss –selling /misinforming
4. Training team will demonstrate to the sales team of adverse consequences to avoid miss-selling/misinforming



5. Discuss the leanings in the class and handle queries from students and receive suitable suggestions from the peers.

Prepare a report based on the discussions in the class and submit it to the class teacher.

### Check Your Progress

#### A. Fill in the Blanks

1. \_\_\_\_\_ come from different sources like surveys, customer emails, etc.
2. The purpose of taking feedback is to find out the level of \_\_\_\_\_ of customers.
3. For the right decision, it is important to define the \_\_\_\_\_ and break it into parts.
4. Culture of honesty starts with \_\_\_\_\_ and flows to all members of the team.
5. Customer loses \_\_\_\_\_ if he is given wrong information or sold a wrong product.

#### B. Multiple Choice Questions

1. Effects of Miss-selling/misinforming;
  - a) Customer trust reduces
  - b) Brand value goes down
  - c) Customer retention gets difficult
  - d) All of the above
2. Miss-selling /informing can be done in following ways:
  - a) Inappropriate sale of third-party financial products
  - b) Not enough transparency when the product was sold
  - c) Not given clarity on grievance redressal process.
  - d) All of the above
3. Which one is not a way of promoting clarity, honesty and transparency in an organisation;
  - a) Regular meetings and workshops
  - b) Building team culture.
  - c) Long vacations of staff

- d) Creating role models within organisation.
4. Which is a part of decision-making -
- Define problem
  - Identify the causes of the problem
  - Identify alternatives
  - All of the above
5. Which one is not a source of performance feedback-
- Polls
  - Interviews
  - Product itself
  - Phone calls

**C. State whether the following statements are True or False**

- Feedback helps in finding trends and hidden patterns from unstructured data and textual information.
- Feedbacks come from one source only.
- For Good Governance and customer-centric services mis-selling and misinforming have to be avoided.
- Mis-selling/misinforming does not affect brand value.
- Knowing the customer's background, need and wants helps in giving.

**D. Match the Columns**

	Column - A		Column - B
1	Online Ratings	A	Automation tools and technology
2	Routing of feedback	B	Identify alternatives
3	Decision making	C	Brand value goes down
4	Consequence of mis-selling	D	Feedback
5	Good customer services	E	Brand loyalty

**E. Short Answer Questions**

- What do you mean by feedback?

2. What is decision-making?
3. What is mis-selling and misinforming?
4. Why educating the team is important to avoid mis-selling/misinforming?
5. How transparency is helpful in organisations?

**F. Long Answer Questions**

1. What are the sources, features of feedback and the ways it is organised?
2. How Clarity, Honesty and Transparency in dealing with customers and colleagues is promoted?
3. What are the adverse consequences of mis-selling and misinforming and how the team can avoid it?
4. How Brand value is enhanced through customer services?
5. Describe Customer-centric challenges in banks?

**G. Check your Performance**

1. Illustrate how to enhancing brand value of company through superior customer service.

**MODULE 4****INTEGRITY, ETHICS AND TEAM  
WORK IN BANKING****Module Overview**

In the banking business, Trust and integrity have greater importance in this competitive scenario. Lack of trust & Integrity can create various problems in the banking business, including financial failures.

Integrity, ethics, and teamwork are essential values in the banking industry, contributing to the success, trust, and reputation of financial institutions. Banking professionals are expected to act with honesty and transparency in all their dealings. This includes providing accurate information to clients, stakeholders, and regulatory authorities. Upholding integrity involves adhering to local and international banking regulations. This ensures that the bank operates ethically and within legal boundaries. Ethical behaviour in banking extends to fair treatment of customers. This includes providing clear information about products and services, avoiding predatory lending practices, and ensuring fair and ethical debt collection processes. Ethical banking involves considering the social and environmental impact of financial decisions. This includes responsible lending practices and sustainable investment choices. Teamwork relies on effective communication and the sharing of relevant information. This is crucial for making informed decisions, addressing challenges, and maintaining a cohesive work environment. Banking professionals are entrusted with sensitive financial information. Upholding ethical standards involves maintaining client confidentiality and ensuring that customer information is protected from unauthorized access. Ethical behavior in banking includes implementing robust data security measures to protect clients' personal and financial information from cyber threats. integrity, ethics, and teamwork are foundational principles in the banking industry. Upholding these values not only ensures compliance with regulations but also builds trust with clients, strengthens the institution's reputation, and contributes to the long-term success of the organization.

Therefore, for a banking organisation to hold itself utmost committed to the element of integrity, each component of the organisation should act with an uncompromising commitment to the element of integrity. Apart from this Commitment to clients and treating them fairly, should be part of any banking organisation. Banking ethics and teamwork in banking organisation play a vital role in the development of business.

This Module will focus on an introduction to Integrity, Banking ethics and Team work. The first session covers integrity in banking, the second session deals with the protecting customer information, the third session explains ethical practices in banks and the fourth session discusses developing team climate in banks.

### **Learning Outcomes**

After completing this module, you will be able to:

- Understand the importance of integrity in banking.
- Recognizing the ethical obligations and responsibilities of banking professionals.
- Identify and implement best practices for protecting customer information.
- Describe about the ethical practices banks should adhere to.
- Identify strategies for fostering a positive team climate within a banking environment.
- Understanding the role of collaboration, mutual respect, and effective communication in enhancing team performance and achieving organizational goals.

### **Module Structure**

Session 1: Integrity in Banking

Session 2: Protecting Customer Information

Session 3: Ethical Practices of Banks

Session 4: Developing Team Climate in Banks

### **Session 1: Integrity in Banking**

The word “Integrity” derives its meaning from the Latin adjective integer meaning whole or complete. In the context of a person’s character, it’s the honesty of a character resulting in the inner sense of "wholeness". It is the uncompromising commitment and loyalty to rational principles such as honoring morals or being ethical. Integrity also means behavioural excellence influenced by ethics, morality, and honesty. At the individual level, it means being duty-bound and honest and at the organisation level, it implies adherence to the pre-defined norms, values, customs, rules & regulations and

principles of the organisation. Thereby for an organisation to hold its utmost commitment to the element of integrity, each component of the organisation should act with an uncompromising commitment to the element of integrity.

### **BANKING INTEGRITY**

As discussed, trust and integrity are two major aspects of any business including the banking business. Lack of trust or Integrity is the cause of various scandals and crises, including financial failures (Fig. 4.1). Banking is often considered to be focused primarily on risk and return. But, in the context of a Bank, “Integrity” is of foremost importance. In simple words banking like any other business is completely based on trust. And trust of the clients comes from a belief that a bank handles its business with integrity. Simply, if customers think they can’t trust on bank, they won’t save deposit their money in that particular bank.



**Fig. 4.1: Banking Integrity**

Thus, to create a sustainable banking business, it’s of foremost importance that banks should hold the long-standing practice of keeping the highest standards of integrity in the conduct of their business. To do so banking organisations as a whole should choose their project sponsors, clients, co-financiers, and counterparties keeping in mind the highest standards of integrity. Further, as a major stakeholders in enterprises and other financial institutions, the Banks should seek to promote high ethical standards, integrity, and good business practices as a major component of their day-to-day operations.

### **SETTING THE HIGHEST STANDARDS OF INTEGRITY**

Any banking organisation’s ethical culture begins with a strong commitment at the top. Adoption of the Bank’s Codes of Conduct for both staff and officials of the Board of Directors is the responsibility of senior most level management. Any revision in the code of conduct is also the responsibility of the senior most

level management. Moreover, the top-level management is also responsible for overseeing that the Bank's integrity risks are properly managed.

Banking is about rewards reflecting real risks and integrity considerations form an important aspect of their risk-evaluating activities. The welfare of borrowing customers, in good as well as bad times, is of paramount importance in any banking business proposition. Sometimes commercial considerations can be at odds where integrity and personal gain combine. Banks are highly dependent on human resources to run their business and to reflect their ethical & integrity standards. They have to let people know the bank's expectations and help them to ignore temptations or pressures. Apart from customer bank is answerable to its staff, its shareholders, the government, and the community as a whole (fig. 4.2).



**Fig. 4.2: Setting the Highest Standards of Integrity**

Source: [shorturl.at/lvADT](http://shorturl.at/lvADT)

### **INCENTIVE SYSTEM TO MANAGE INTEGRITY RISK**

An incentive system to manage integrity is needed to create a culture of integrity in a banking system. It has to reinforce anti-corruption and anti-bribery compliance policies and promote ethical behaviour. The ideal incentive system includes three major aspects: the tone set by upper-level management, remuneration and HR management practices.

The promotion of cultural change within banks has to be mainstreamed throughout middle management and the entire organisation. Promoting integrity requires not only senior managers but also the head of departments and every employee to lead by example.

## **DESIGNING A BANKING INTEGRITY CAMPAIGN**

Designing a Banking Integrity Campaign requires careful planning and execution to ensure its effectiveness. Here are the steps you can follow:

### **1. Define Objectives and Goals**

- Clearly articulate the purpose of the campaign. Is it to raise awareness about banking integrity issues? Increase public trust in the banking sector? Reduce fraudulent activities?
- Set specific, measurable, achievable, relevant, and time-bound (SMART) goals.

### **2. Conduct Research**

- Gather data on current perceptions, public trust levels, and prevalent issues within the banking sector.
- Identify key stakeholders, including regulators, banking institutions, advocacy groups, and the general public.
- Analyse past campaigns and their effectiveness, both within the banking sector and in similar industries.

### **3. Develop Messaging and Content**

- Craft compelling messaging that resonates with the target audience and aligns with campaign objectives.
- Emphasize the importance of integrity, transparency, and accountability in banking.
- Create various content formats such as videos, infographics, social media posts, and written articles to communicate the message effectively.

### **4. Identify Target Audience**

- Determine who the campaign will primarily target, whether it's consumers, banking professionals, policymakers, or a combination of these groups.
- Segment the audience based on demographics, behaviors, and attitudes to tailor messaging and outreach strategies.

### **5. Select Communication Channels**

- Choose the most appropriate channels to reach the target audience effectively. This could include social media platforms, traditional media outlets, email newsletters, events, and partnerships with relevant organizations.



- Consider leveraging both online and offline channels to maximize outreach.

### **6. Develop Partnerships and Collaborations**

- Establish partnerships with relevant stakeholders such as banking associations, government agencies, consumer advocacy groups, and educational institutions.
- Collaborate with influencers, industry experts, and thought leaders to lend credibility and reach to the campaign.

### **7. Create Engagement Opportunities**

- Develop interactive elements within the campaign to encourage participation and engagement from the audience.
- Organize events, webinars, workshops, or Q&A sessions where people can learn more about banking integrity and ask questions.
- Encourage user-generated content and participation through contests, surveys, or social media challenges.

### **8. Implement Monitoring and Evaluation**

- Set up mechanisms to monitor the campaign's performance in real-time, including metrics such as reach, engagement, and sentiment.
- Collect feedback from the audience to gauge their perceptions and attitudes towards banking integrity.
- Regularly review and analyse data to make necessary adjustments and optimize campaign effectiveness.

### **9. Sustain Momentum and Follow-Up**

- Maintain continuity by sustaining efforts beyond the initial campaign launch.
- Keep the conversation alive through ongoing communication, updates, and initiatives related to banking integrity.
- Follow up with stakeholders to address any concerns, gather additional feedback, and reinforce the campaign's messaging.

### **10. Report and Iterate**

- Prepare a comprehensive report detailing the campaign's outcomes, including successes, challenges, and lessons learned.
- Use insights gained from the campaign to inform future strategies and initiatives aimed at promoting banking integrity.

- Continuously iterate and refine the campaign based on feedback and evolving industry trends.

By following these steps, you can design a comprehensive Banking Integrity Campaign that effectively educates, engages, and inspires positive change within the banking sector.

### **UNFAIR TRADES**

The phrase “Unfair trade practices” with any business can be elaborated as any business practice or act that is deceptive, fraudulent, or causes any sort of injury to a consumer as well as stakeholders of the business. These practices might include acts that are deemed unlawful means acts that violate any consumer protection law, investor protection law, etc. However, these unfair trade practices might also include practices that might not otherwise be punishable in any law but are against the generally accepted business principles.

#### **Examples of Unfair Trade Practices**

Unfair trade practices include a broad list of acts that have an essential trait of involvement in an economic injury brought on by deceptive or wrongful conduct. However majorly the unfair trade practices can be elaborated in the following manner-

- Distribution of any sort of false or misleading information that is capable of harming the business interests of another business;
- Direct or indirect distribution of false or misleading information to customers, including the information related to the price, method, place of production character or properties of goods, suitability or quality of goods, without a reasonable basis; Misleading comparison of goods or services in the process of marketing;
- Fraudulent use of another’s assets including intangible assets like a trademark, firm name, or product labeling or packaging;
- Unauthorized receipt, use, or dissemination of confidential scientific, technical, production, business, or trade information.
- Any supply of goods or services for the consumer, which does not comply with the standards prescribed formats by some competent authority to their performance, composition, contents, design, construction, finishing or packing as are necessary to prevent or reduce the risk of injury to the person using such goods or service and the same fact is known to you or you have any reason to believe so.

## CORRUPT PRACTICES

Corruption is generally defined as an act of using authority for personal gain (Fig. 4.3). Also, corruption is an illegal activity that involves the disintegration of power or unscrupulous economic activity which involves the receipt of financial or material resources. Corruption is a behaviour that deviates from the official duties of an office because of the benefit of status or money that concerns the person or violates the rules of the code of conduct of personal conduct.

The banking business following practices by Directors/ executives/ bank employees are examples of corrupt practices-

- Increased projects costs of the projects which are to be financed by banks, where the perpetrators inflate the project costs for personal benefit as well as the benefit of the credit customers.
- Cooperation between banking employees and customers for agreeing on the credit terms and conditions which are not feasible for the banking company. The proceeds of the burglary are then used for the personal benefit of both the customer and the corrupt bank employee.



**Fig. 4.3: Corrupt Practices**

- Employees/ executives/ and directors of banking companies receive gratuities from credit customers to pass unfeasible projects. This gratuity will break into banking funds for the benefit of customers and employees/ executives/ and the director of banking.

- Receipt of Gratuities for delaying the disclosure of any credit account as Non-performing assets (NPA), as required by the RBI rules and regulations. (NPA-Any loan or borrowing to a party, which is delaying the payment of installments or unable to repay on time)
- Crediting to the accounts of fictitious customers by banks for the personal benefit of employees/executives/ directors of banking.

### **REFRAIN FROM INDULGING IN UNFAIR OR CORRUPT PRACTICES**

The broader impact of Unfair Trade Practices or corrupt practices in an economy at large is that they lead to circumstances where customers are deceived, few organisations are dealt with unjustifiably, and the general welfare of the general public crumbles. However, in the context of a bank, these are the major impacts arising out of indulging in unfair trade practices as well as corrupt practices-

#### **Reputation Risk**

Reputational risk is a disguised danger that can directly become a threat to the existence of the largest and best-run banking companies. It may result in wiping out millions or billions of dollars of business or market capitalisation for that matter. Moreover, it can also result in a sudden change at the uppermost levels of management by various market pressures as well as authorities' pressure.

#### **Compliance Burden**

As the banking business is a highly regulated business and the Banker's Bank (RBI) always keeps a close watch on the operations of the business. Thus, even a small unfair act by any banking company can result in RBI's strengthening of supervision over the banks day to day operations, thereby resulting in a huge compliance burden on the bank.

#### **Lost Faith of Investor**

Banking is a business that is dependent on various inter-connected elements including the element of Investors. As the stake in the banking business is high, thus banking business is largely dependent on external investors. Even a small act of unfair or corrupt trade practice can result in the lost confidence of the investor. Thereby resulting in huge long-term or short-term growth plans for any banking business.

#### **Huge Penal Impositions**

All the unfair trade practices, as well as corrupt, practices, are punishable offenses under various acts including the RBI Act Consumer Protection Act, etc. These can result in the imposition of huge fines and penalties on the perpetrator, which in some cases may extend to imprisonment.

In order to maintain a fair and transparent banking system, banking institutions besides safeguarding their interests should also see their activities within the frame of the guiding principles of striving for the development of the banking industry; maintaining the marketplace atmosphere compliant with the competition laws; and maintenance of general trust in the banking industry.

Based on these guiding principles, the bank regulators should set forth a list of best practices for institutions to consider avoiding engaging in unfair or deceptive activities-

Fair & adequate disclosure of the benefits, terms and any significant limitation in the customer promotional materials, marketing scripts, customer agreements and disclosures should be reviewed to ensure that the banking organisation intentionally or even by mistake or omission does not misrepresent such terms. Also, the bank should ensure that information used in these materials is based on some reasonable basis and that these materials do not use any unwanted statements, fine print, or separate statements.

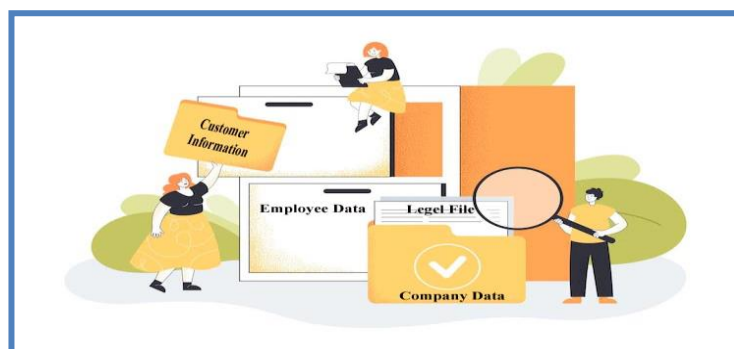
- Customer special attention should be drawn towards the key terms and conditions, including limitations of the product if any so that customers can take an informed decision.
- Disclaim all material limitations or conditions on the terms or conditions of the products.
- Timely inform consumers about any fees, penalties, or other penal charges that have been or may be imposed, and the reasons for their imposition.
- Disclose the limitations, conditions, or restrictions of the offer if any especially while using terms such as “pre-approved” or “guaranteed,”.
- In cases where the actual terms are less favorable than the advertised terms then inform consumers.
- Avoid making any statements, claims, or representations about the value, characteristics, savings, cost and benefits of the products & services that are misleading to the customer.
- Avoid advertising that a particular service will be provided in connection with an account if the bank does not intend or is not able to provide the service to account holders. For example, proper disclosure of optional products or services shall be made like credit protection, health insurance/ medical insurance, travel services/ entertainment services, and services offered along with the credit which is not compulsory to

grant credit or are not relevant in the decision-making process of granting credit like consumer report update services.

- Optional products feature, cost and their benefits of them should not be misrepresented to the customer.
- Clearly disclose the potential, approved, or useable credit that the consumer will receive, do not overstate that.
- Clearly disclose the late fees or other account fees which may occur, due to the opening of an account.
- The system for the disposition of the complaints of the clients should be reviewed regularly so that bank could spot practices that can mislead the customers.
- Proper implementation of and maintenance of effective risk and supervisory controls should be done to select and manage third-party services.
- Trained professionals should be sent to market or promote bank products, or service loans to avoid making statements or taking actions that might be unfair or deceptive.
- Periodically review of compensation arrangements for bank employees as well as third-party vendors should be done to make sure that they do not engage in unfair or deceptive practices by creating unintended incentives.

### **MAINTAIN RECORDS AS PER COMPANY POLICY**

Any Banking Company should frame an appropriate policy for data maintenance taking into consideration of various rules and regulations imposed by the Central Bank (RBI). Moreover, the Bank should try to develop a system for appropriate maintenance and preservation of information making data retrieval easy and quick whenever asked or requested by the competent authorities (Fig. 4.4).



**Fig. 4.4: Maintain Records as Per Company Policy**

Various aspects to be considered by banks while making the policy for data maintenance include the following among others-

- The Banks should keep and maintain data of various transactions between a bank and the client for the period as specified by the RBI and in a way that can allow reconstruction of the transactions (including the value and types of currency concerned if any) to enable the information to act as necessary evidence in any sort of civil or criminal offense.
- The banks should create standard operating procedures within the organisation for keeping and maintaining the database of all the clients, transactions and stakeholders so that they can be identically identified when required.
- As all the data is maintained electronically these days, thus bank should create an appropriate internal control system for checking from time to time whether all the electronic systems are working by the Standard operating procedure set by the organisation.
- Regular system audits shall be conducted by bank to check the efficiency and efficacy of the system.
- Banks should specially ensure that documents related to the customer identification and customer address (e.g. copies of documents like ID cards, Permanent account number details, utility bills, passports and driving licenses) are taken to open the account and taken in the course of providing services, are properly preserved.
- Proper checks should be placed over the client's personal as well as banking records so that no employee or official of the bank can misuse those

#### **AVOID USING THE COMPANY'S FUND FOR PERSONAL USE**

Misuse of banking company funds for personal purposes is illegal. It is unlawful to use company funds like a personal piggy bank. In legal terms, it is a breach of fiduciary duty to misuse funds, especially for one's benefit. However, various methods are used by the perpetrators to indulge in these types of frauds; some of these include methods are as under:

**Fraudulent Loans:** One of the ways to extract money from a bank is to take out a loan, a practicing banker would be willing to encourage it if they have the sufficient belief that the money will be repaid in full along with interest. A fraudulent loan, however, is one in which the borrower is a business entity controlled by a dishonest bank officer or senior official, the borrower then becomes a non-performing asset resulting in insolvency. Here the borrower

may be a non-existent entity and the loan might be merely a method to conceal a theft of a large sum of money from the bank.

**Forged Documents:** In Banks, every penny of money is cautiously accounted for. A forged document claiming that a sum of money has been borrowed as a loan, withdrawn by an individual depositor, or transferred or invested is used to extract the bank's money for personal uses.

The Bank should try to tighten the process of monitoring the end use of funds through enhanced surveillance to seek to check over frauds and prevent divergence of funds by bank employees for personal uses.

## Activities

**Activity 1:** Understanding Integrity in Banking through discussion

**Materials Required:** Whiteboard and markers, Printed case studies on banking integrity, Chart paper and sticky notes

**Procedure:**

1. Start with a brief discussion on the meaning of integrity and its relevance in the banking industry.
2. Introduce case studies that highlight scenarios where integrity in banking is challenged.
3. Divide the students into small groups and provide each group with a case study.
4. Ask each group to analyze the case study and identify instances where integrity is compromised or upheld.
5. Groups should discuss and present their findings to the class.
6. Engage in a class discussion on the importance of integrity in banking and its impact on trust and reputation.

**Activity 2:** Role-Playing on Banking Ethics

**Materials Required:** Scenario cards describing ethical dilemmas in banking, Role-play guidelines and instructions

**Procedure:**

1. Introduce the importance of ethics in banking and its impact on decision-making.
2. Provide scenario cards to each student or group, outlining ethical dilemmas in a banking context.
  - a) Integrity



- b) Neutrality
  - c) Reliability
  - d) Transparency
  - e) Supervision of public benefits, and respect to environment
  - f) Fight against laundering of proceeds of crime and combat against financing of terrorism
  - g) Information abuse
3. Instruct students to role-play the scenarios, considering different perspectives and ethical choices.
  4. After the role-playing sessions, facilitate a discussion on the decisions made and the ethical considerations involved.
  5. Emphasize the role of ethics in maintaining trust and integrity in the banking sector.

**Activity 3:** Designing a Banking Integrity Campaign through poster making.

**Materials Required:** Poster-making materials (paper, markers, colored pencils), Chart paper and markers

**Procedure:**

1. Discuss the importance of promoting integrity in banking to build trust with customers.
2. Divide students into small groups and assign each group the task of designing a poster campaign promoting banking integrity.
3. Students should focus on creating visually appealing posters with slogans and messages promoting Designing a Banking Integrity Campaign in banking.
  - a) Define objectives and goals
  - b) Conduct research
  - c) Develop messaging and content
  - d) Identify target audience
  - e) Select communication channels
  - f) Develop partnerships and collaborations
  - g) Create engagement opportunities
  - h) Implement monitoring and evaluation
  - i) Sustain momentum and follow-up

j) Report and iterate

4. Each group presents their poster to the class, explaining the key messages and visuals.
5. Hang the posters around the classroom or school to raise awareness about banking integrity.

**Activity 4:** Case studies on Ethical Decision-Making in Banking

**Materials Required:** Case studies on ethical decision-making in banking, Worksheets for each student

**Procedure:**

1. Provide case studies that present ethical dilemmas faced by individuals working in the banking sector.
2. Distribute worksheets to each student, prompting them to analyze the case studies and make ethical decisions.
  - a) Identify the ethical dilemma
  - b) Gather relevant information
  - c) Identify alternative courses of action
  - d) Evaluate consequences
  - e) Apply ethical principles
  - f) Make a decision
  - g) Communicate and justify the decision
  - h) Implement the decision
  - i) Monitor and review
  - j) Reflect and learn
3. Encourage students to discuss their decisions in small groups before presenting their conclusions to the class.
4. Facilitate a class discussion on the challenges of ethical decision-making in banking and the importance of adhering to ethical principles.

**Activity 5:** Prepare a presentation on removal of unfair trade practices in banking.

**Materials Required:** Notebook, pen, pencil, erasure and the Internet facility

**Procedure:**

1. The teacher to deliver a lecture on ‘removal of unfair trade practices in banking’ after going through the text of the session and other related study material.
2. The students will make their notes while attending the lecture.
3. The students will be prompted to clear their doubts on the topic if any.
4. The teacher will guide the students to prepare a presentation removal of unfair trade practices in banking.
  - a) Regulatory oversight
  - b) Transparency and disclosure
  - c) Consumer education and empowerment
  - d) Ethical conduct and corporate governance
  - e) Complaint resolution mechanisms
  - f) Market competition and anti-monopoly measures
  - g) Supervision and compliance monitoring
  - h) Public awareness campaigns
  - i) International cooperation
  - j) Continuous improvement and adaptation
5. All the students will be asked to make their presentation on the system or the board in the class.
6. The other students in the class will ask relevant questions on the topic for better understanding.
7. The teacher will respond to the questions and also suggest any changes in the presentation if needed.

### Check Your Progress

#### A. Fill in the Blanks

1. Any banking organization’s ethical culture begins with strong \_\_\_\_\_ at the top.
2. \_\_\_\_\_ are two major aspects of any business including the banking business.
3. Banks are highly dependent on \_\_\_\_\_ to run their business.
4. Any sort of false or misleading information is \_\_\_\_\_.

5. Corruption is a behavior that \_\_\_\_\_ from the official duties of an office.

### **B. Multiple Choice Questions**

1. In relation to the banking business following practices by the Director/ executive/ bank employee is an example of corrupt practice-
  - a) Receipt of Gratuities for delaying the disclosure of any credit account as a Non-performing asset (NPA)
  - b) Employee/ executive/ and director of banking company receives gratuities from the credit customers to pass unfeasible projects.
  - c) Cooperation between banking employees and customers for agreeing on the credit terms and conditions which are not feasible for the banking company.
  - d) All above
2. Banker's Bank (RBI) always keeps a close watch on
  - a) The operations of the business.
  - b) Unfair act
  - c) Stakes in a banking business
  - d) Customer activities
3. What type of aspects are to be considered by banks while making the policy for data maintenance?
  - a) Maintain data of various transactions between the bank and the client for a period as specified by the RBI
  - b) Do not require maintaining data on various transactions between the bank and the client.
  - c) The banks should not create standard operating procedures within the organization for keeping and maintaining a database
  - d) A bank should not create an appropriate internal control system
4. Regular system audits shall be conducted by the bank so that
  - a) To check the audit result of the bank.
  - b) To check the efficiency and efficacy of the system.
  - c) To check only the data of customers.
  - d) None of the above
5. What type of documents are required for customer identification?

- a) Permanent account number details
- b) Utility bills
- c) Passports and driving licenses
- d) All above

**C. State whether the following statements are True or False**

1. Mis-use of banking company funds for personal purposes is illegal.
2. The Bank should not try to tighten the process of monitoring the end use of funds
3. Regular system audits shall be conducted by the bank to check the efficiency and efficacy of the system.
4. The banks do not require creating standard operating procedures within the organisation.
5. Trained professionals should be sent to market or promote bank products to avoid making statements or taking actions that might be unfair or deceptive.

**D. Match the Columns**

	<b>COLUMN A</b>		<b>COLUMN B</b>
1.	Lack of trust & Integrity	A	Is of foremost importance
2.	In the context of a Bank, “Integrity”	B	To manage integrity is needed to create a culture of integrity in a banking system
3.	An incentive system	C	Are the cause of various scandals and crises
4.	Reputational risk	D	Always keeps a close watch on the operations of the business
5.	Banker’s Bank (RBI)	E	Is a disguised danger that can directly become a threat to the existence of the largest and best-run banking companies

**E. Short Answer Questions**

1. Define banking integrity.
2. What is the term ‘unfair trades’?
3. What is the corrupt practice in the bank?

4. What is 'Reputation risk'?
5. What is the 'Compliance Burden' in banks?

### F. Long Answer Questions

1. Describe the various types of unfair practices in banks.
2. Write a passage on examples of corrupt practices in the banks.
3. Write a short note on the integrity of banking transactions.

### G. Check Your Performance

1. Prepare a chart on the unfair practices in banks.

## Session 2: Protecting Customer Information

Data is the new oil. In the current business, environment data drives innovation, digital transformation, major business activities, and new business opportunities. In current scenarios data is making companies relevant and data brings advantages over competitors. Thus, for any organisation, it becomes highly important to protect customer information in this data-driven economy.

The everyday lives of citizens are highly dependent on banking organisations nowadays. And due to rapid technological advancements, a large amount of structural and operational advancements have occurred in the banking industry. The majority of back-end operations have been digitally transformed. Thus, in their day-to-day operations, banking organisations gather, hold, and use to process a large amount of sensitive information about customers which includes names of the customer, phone details of the customer, addresses of the customer, identification documents, employment information, credit and financial information of customers, etc. However, the banking organisation should collect customer information in a manner that does not compromise the privacy of the customer (Fig. 4.5).



**Fig. 4.5: Data Security**

**Source:** [shorturl.at/hjoRZ](https://shorturl.at/hjoRZ)

## CUSTOMER INFORMATION

The customer information collected should be accurate and reliable. The bank should collect only the data which is necessary to be collected, which should be adequate for the purpose for which it is collected but should not be excessive. The collection of data shall be by lawful and fair means and the person collecting the data from the customer should communicate the purpose of collecting that particular information. While collecting information from customers, the banking organisation should explicitly communicate the privacy policy of banks in relation to the customer information so collected.

## PROTECTION OF CUSTOMER INFORMATION

All the information collected by any banking organisation are highly sensitive, thus bank should take extra care while handling the same. And, this digital transformation also brings with it the challenge of data security. The various sort of cybercrimes such as stalking, hacking, phishing, spoofing, ransomware attacks, spamming and other digital frauds compel banking organisations to highly secure their customer's sensitive information. Banks should therefore ensure that their data privacy policies and practices adhere to the generally accepted policies and practices globally. Some of the generally accepted principles for the protection of customer information are (Fig. 4.6):



**Fig. 4.6: Protection of Customer Information**

- **Identify Potential Sources of leakage of information-** Inventory of all computers, laptops, mobile devices, flash drives, disks, and servers of

the banking organisation store sensitive data. Apart from these any banking organisation receives personal information in many ways including call centers, physical copies of forms, etc. Any banking organisation should track and identify all these potential leakage areas by talking with IT staff, sales staff, human resources department, accounting department, and external service providers. Post identifying these areas, a complete manual as well as a technological system should be developed to keep a check on these potential leakage areas. However, different types of information present varying risks, thus different levels of checks should be developed for different customer information and more attention should be given to highly sensitive information such as Social Security numbers, credit cards, or financial information.

- **Keeping of Information-** Any banking organisation should avoid keeping information which doesn't legitimately require. In cases where it is not required the banking organisation should refrain from even collecting it. For example, if the banking organisation launches a mobile application, it should ensure that the application has access to data and functions which is necessary. No collection or retention of personal information shall be done unless it's integral to any product or service.

The banks should curtail access to customer data. Banks should stick to the "Least privilege principle". This means each employee of the banking organisation should have rights or privileges to access only those resources which are essential in the course of their work.

- **Data Security Plan-** The best way to protect the sensitive information of the customer is to develop an efficacious data security plan within the banking organisation. The efficacious data security plans consider four key aspects: Information technology controls, Contractors' & external service providers' security practices, employee training, and physical security.

### **INFORMATION TECHNOLOGY CONTROLS**

In this digital era, the establishment of information technology controls is highly critical as most of the misuse of information or breach of consumer data privacy happens through the use of technology. Information technology controls can be grouped into two broad categories-

- General controls commonly include controls over data center operations, system software acquisition and maintenance, logical security, and application system development and maintenance. Examples are- a strong password policy, well-encrypted mobile devices etc.



- Application controls like edit checks and computer matching are programmed steps in an application software; they are programmed to make sure the accuracy and completeness of transaction authorisation, validity, and processing. Examples, Anomaly detection systems.

### **CONTRACTORS AND EXTERNAL SERVICE PROVIDER'S SECURITY PRACTICES**

Any banking organisation's security practices are highly dependent on the people who execute them, which include external contractors and external service providers. Before any organisation outsource any of its business functions including data processing, web hosting, customer call center operations, etc. proper investigation should be done of the service provider's data security policy or practices and a comparison of the same with the standards of the banking organisation should be drawn.

**Training of Employee:** Every banking organisation's data security plan may look great on paper; it becomes actually strong only when employees are well trained about that. Organisation should regularly conduct training sessions for the employees to explain the rules to the staff, and train them to spot security vulnerabilities. Regular training of employees emphasizes the commitment of an organisation toward data security practices. A well-trained human resource is the best safeguard against data breaches.

**Physical Security:** Many security breaches happen stereotypically—like stealing documents or information present in physical form. Often, the best safeguard against that is an alert employee or a well-protected door. Every banking organisation should develop a system for storing documents or files, as well as computers, laptops, and backups containing sensitive information of customers in a protected room or a locked cabinet. Organisations should implement appropriate access controls for the buildings. Banking organisations should limit anyone's access to the offsite storage facilities if any.

- **Disposing of Information:** Banking organisation should implement reasonable & appropriate information disposal practices to prevent unauthorised access or inappropriate use of any sensitive information. Reasonable measures which are to be implemented should be designed keeping in mind the benefits arising, the cost associated with different disposal methods, the sensitivity of the information, and changes in technology.
- **Plans in case of breach:** Despite all the data protection measures, a security breach is possible. To reduce the impact of such breaches on the business, every banking organisation should have a plan in place to respond to security incidents. Proper investigation of the security

incidents to minimize or eliminate those vulnerabilities or threats which caused the breach.

### **RBI RULES FOR THE PROTECTION OF CUSTOMER INFORMATION**

Data security has gained significant attention in current times due to increased dependence on technology in the banking sector globally. To match the dynamic technological environment, while some countries have introduced laws & regulations to protect customer information, some are still in process of doing so. Every banking organisation's operation in India is under the scanner of the Reserve Bank of India (RBI) and the RBI issues several notifications, circulars, directions, and guidelines from time to time obligating banks to protect customer privacy (fig. 4.7).

The Secrecy legislation in India revolves around the general law principles in relation to the implied contract.



**Fig. 4.7: Reserve Bank of India**

**Source: [shorturl.at/di269](http://shorturl.at/di269)**

Thus, the contractual relationships between the customer & bank obligate the banking organisations to maintain confidentiality and obligates them not to divulge any customer-sensitive information to third parties except under circumstances that are normally accepted-

- Where disclosure of the information is required under any rules, regulations, and legislation in force.

- Where disclosure of the information is required to comply with the duty of the bank towards the public at large.
- Where disclosure is required in Bank's Interest.
- Where disclosure is made after taking the express or implied consent of the customer.

### **AVOID IP INFRINGEMENT**

Considering intellectual property (IP) rights are not always top on the priority list of any organisation trying to run a business. However, failure to give due attention to these can have serious financial and reputational repercussions for any business, whether the violation was intentional or not. And, to understand the types of intellectual rights is essential to avoid unintentional infringement of someone else's IP rights.

**Types of intellectual property Right-** These are the major types of IP protections one might encounter, Armstrong said:

- **Copyrights:** Copyrights protects the rights to original artistic works, including any literature, drama, music, video, architecture, and computer software.
- **Trademarks:** Trademarks protect branding aspects like phrases, symbols, and words that are used to identify organisations, services, and goods.
- **Patents:** Patents protect inventions and the rights to those inventions. These include design patents, utility patents, etc.
- **Trade secrets:** Proprietary nature information like formulas, data, and programs are protected by trade secrets. Providing a direct economic advantage over competitors is a basic feature of trade secrets.

**How to avoid intellectual property violations-** Following precautions can be used to avoid unintentional violation of another business's IP rights:

1. **Advertisements should contain original images or music -** Businesses can use in-house staff or external consultants to create original graphics, content, music, and more for their marketing and advertisement materials. However, in case external consultants are used, it's important to mention a clause in the contract that states all rights so created belong to the business to avoid any kind of conflicts.
2. **Licenses from copyright holders-** In case any registered material is required to be used, it is important to obtain the appropriate licenses or explicit, written consent from the registered owners of the content.

Banking organisations should not use the content without license and consent to avoid any conflicts.

3. **Take Legal Advice-** Finally, in case there is any sort of doubt about whether a particular act is infringing on IP rights, it's always wise to consult with a lawyer just to be safe. Never leave IP issues to chance if it's not worth the risk.

### **RULES FOR TRANSPARENT DEALING WITH CUSTOMER**

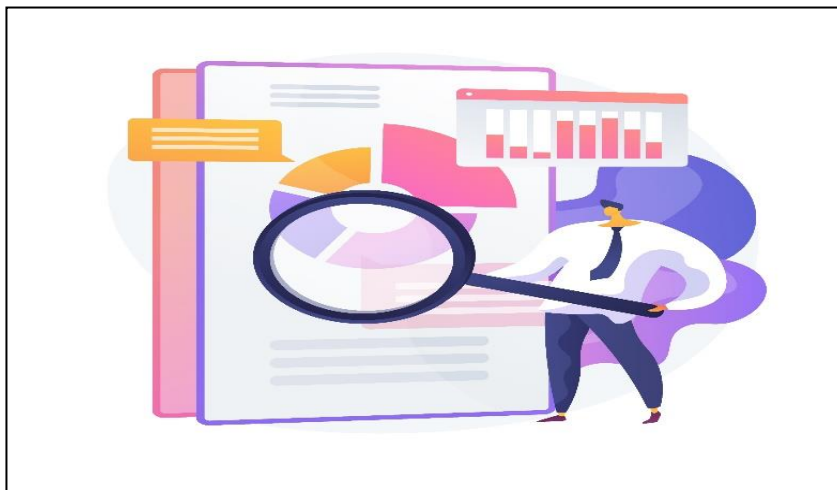
For every relationship to sustain, it requires trust, transparency, and keeping promises to build trust. The customers are the reason for any company's success or failure, thus for any organisation it should always be the priority to bring trust and loyalty transparency in customer relations. However, this requires consistent efforts. Hence, every banking organisation should make internal policies, rules & regulations to be followed by its staff. This practice can be advantageous to the banking organisation in the following manner :

- **Demonstrates Organisation's commitment-** Setting rules & regulations for keeping transparency with the customers demonstrates the level of commitment of the organisation to keep the highest standards of transparency with the customers within the organisation, thus improving the overall reputation of the organisation among the customers as well as employees of the organisation.
- **Helps in avoiding irregularities-** Where customer transparency rules & regulations mention punishments for violating the rules, banking organisation will be able to limit the cases of inconsistencies or irregularities by employees by adhering to the highest standards of transparency set by the organisation.
- **Helps in avoiding confusion-** Setting rules & regulations for transparency helps to avoid confusion among the employees, where employees feel that a particular act of the employee violates the transparency standards of the banking organisation.

### **REGULATIONS FOR TRANSPARENT DEALING WITH CUSTOMER**

The practice of formation of clear & transparent regulations within the organisation can also be advantageous to the banking organisation. Regulations are framed by banking companies for keeping transparency with the customers (Fig. 4.8). It reflects the level of commitment of the organisation to keep the highest standards of transparency with the customers within the banking organisation, thus it enhances the overall goodwill of the banking organisation among the customers as well as banking staff. It also helps in avoiding irregularities within a banking organisation.

With the help of regulations for transparent dealing with a customer, provisions can be made for punishments for violations of rules. Banking organisation can also check the cases of inconsistencies or irregularities by employees within the banking organisation by regulations.



**Fig. 4.8: Transparent Dealing with Customer**

**Source:** [shorturl.at/kxG05](https://shorturl.at/kxG05)

Framing regulations for transparency can help to avoid confusion within the banking organisation. A regulation for transparent dealing with customers explains that a particular act can violate the transparency standards of the banking organisation.

## Activities

**ACTIVITY 1:** Prepare a paper on data security.

**Materials Required:** Plain papers, sketch pens, pen, pencil, and Access to the Internet facility etc.

**Procedure:**

1. The teacher to explain the data security of bank customers, its concept, importance, global overview, etc. to the students after going through the text of the session.
2. Refer other related study material on data security at banks.
3. The students prepare their notes and will consult the relevant sites on the Internet.
4. Every student will prepare a detailed paper on the data security aspects in banking
  - a) Utilize strong encryption algorithms to protect sensitive data both in transit and at rest.

- b) Implement robust access control mechanisms to ensure that only authorized personnel can access sensitive data.
  - c) Secure networks with firewalls, intrusion detection/prevention systems (IDS/IPS), and secure protocols to prevent unauthorized access and data breaches.
  - d) Secure endpoints such as computers, laptops, mobile devices, and ATMs with endpoint protection software, encryption, and regular security updates.
  - e) Deploy DLP solutions to monitor, detect, and prevent unauthorized transmission or disclosure of sensitive data.
  - f) Implement robust security monitoring and logging mechanisms to detect suspicious activities, anomalies, and potential security breaches.
  - g) Develop and regularly test incident response plans to effectively respond to data breaches, cyberattacks, or security incidents.
  - h) Assess and manage the security risks associated with third-party vendors, service providers, and partners that have access to sensitive data.
  - i) Adhere to relevant data protection regulations and industry standards such as GDPR, PCI DSS, HIPAA, and local banking regulations.
  - j) Provide comprehensive training and awareness programs to employees on data security best practices, policies, and procedures.
  - k) Conduct regular security assessments, vulnerability scans, and penetration tests to identify and remediate security weaknesses.
5. The students will submit the completed paper to the teacher for evaluation.
  6. The teacher will discuss the deficiencies in the class to enhance the topic.
  7. Suggestions given by the teacher, in the classroom on the prepared paper.

**Activity 2:** Interaction with a senior official of a commercial bank through the visit to collect the information rules for transparent dealing with customer. .

**Materials Required:** Plain papers, sketch pens, pens, pencils, and access to the Internet facility, etc.

**Procedure:**

1. The teacher will arrange a visit an interaction session of students with a senior official of any commercial bank, in the classroom.
2. The students will be asked to go through the text of the session and other related study material and to be ready with their questions on the topic.
3. The students will be motivated to ask questions from the expert (official from the bank).
4. All the students will prepare their notes after the interaction on rules for transparent dealing with customer.
  - a) Demonstrates Organization’s commitment for improving the overall reputation of the organization among the customers as well as employees of the organisation.
  - b) Helps in avoiding irregularities by adhering to the highest standards of transparency set by the organisation.
  - c) Helps in avoiding confusion among the employees, where employees feel that a particular act of the employee violates the transparency standards of the banking organisation.
5. The teacher will ask questions to the students to check their understanding, after leaving the guest.
6. The teacher will clear the doubts of the students related to the rules for transparent dealing with customer.

**Check Your Progress****A. Fill in the Blanks**

1. Mobile devices, flash drives, disks, servers of the banking organisation \_\_\_\_\_.
2. Different types of information present \_\_\_\_\_ risks.
3. Any banking organisation should avoid keeping information that doesn’t \_\_\_\_\_ required.
4. Banks should stick to the \_\_\_\_\_.
5. The best way to protect the sensitive information of the customer is to develop a \_\_\_\_\_ data security plan.

**B. Multiple Choice Questions**

1. Any banking organisation security practices are highly dependent on

- a) The people who execute
  - b) The bank customer
  - c) The Bank official
  - d) None of the above
2. The data security plan is strong only when
- a) Employees are well trained
  - b) Bank Managers are well trained
  - c) Bank customers are educated
  - d) None of the above
3. A well-trained human resource is
- a) The worst safeguard against the data breaches
  - b) The best safeguard against the data breaches
  - c) The best safeguard against the bank employee.
  - d) All the above
4. To prevent unauthorised access or inappropriate use of any sensitive information.
- a) Banking organisation should not implement reasonable & appropriate information disposal practices
  - b) Banking organisation should implement only legal practices
  - c) Banking organisation should implement reasonable & appropriate information disposal practices
  - d) None of these
5. Types of intellectual property rights are
- a) Copyrights
  - b) Trademarks
  - c) Patents
  - d) All above

**C. State whether the following statements are True or False**

1. Copyrights protect the rights to original artistic works.
2. Trademarks do not protect branding aspects.
3. Proprietary nature information like formulas, data, and programs are protected by trade secrets.



4. In case any registered material is required to be used, it's not important to obtain the appropriate licenses.
5. Setting rules & regulations for keeping transparency with the customers demonstrates the level of commitment of the organisation.

#### D. Match the Columns

	COLUMN A		COLUMN B
1	The bank should collect only the data	A	Such as stalking, hacking, phishing, spoofing, ransomware attacks, spamming
2	The various sort of cybercrimes	B	Laptops, mobile devices, flash drives, disks, and servers of the banking organisation store sensitive data
3	Inventory of all computers,	C	Which is necessary to be collected
4	The best way to protect	D	The sensitive information of the customer is to develop an efficacious data security plan within the banking organisation.
5	General controls commonly	E	Include controls over data centre operations, system software acquisition

#### E. Short Answer Questions

1. How is bank customer information important for the bank?
2. Describe the protection of customer information, in short.
3. Write a short note on the data security plan.

#### F. Long Answer Questions

1. Explain the identification of Potential Sources of leakage of information.
2. Write a detailed note on RBI rules for the protection of customer information

#### G. Check Your Performance

1. Demonstrate protection of customer information in the bank

### Session 3: Ethical Practices of Banks

In this session students will learn about the ethical practices used by the banking sector and ethical behaviour must use with customer, that will maintain the company's image.

#### **AVOID MISREPRESENTATION OF MISINFORMATION**

A banking organisation should define itself as client-centric, as the major part of its success is through creating value for its clients through the solutions they provide and services they offer. Commitment to clients and treating them fairly should be part of the core strategy of any banking organisation (Fig. 4.9). In actual terms, it should mean that the employees should not manipulate their customers, conceal or misrepresent any sensitive information or violate their privacy or engage in unfair practices or dealings.



**Fig. 4.9: Ethical Behaviour**

Misrepresentation of information occurs when you forge something in order to sell the product or achieve a higher gain out of your product. It also occurs when he or she intentionally does not tell some specific feature of a product or service to the customer which ought to have been told as that has the potential to impact decision-making process of the buyer. For example-Mr. X (an Employee of a bank) works in a retail branch. He has been told that his incentive this year is a 5% pay rise if he meets the target before the year's end. An existing retail client visits the branch seeking to invest all of a small inheritance he received – he says this is his retirement money when he retires in a couple of years. Mr. X advises him on a product intended only for high net-worth individuals, who are “sophisticated clients,” for which he will receive a higher commission. He explains that the product will provide a certain

return, however, he didn't explain the higher risk associated with that particular product.

Thus, here Mr. X although sold the product but misrepresented the importance of the risks embedded in the product. He did not consider whether this was a suitable product for the client and sold a product for which he would receive a higher commission, thus Mr. X misrepresented the product to the client.

As a result of this Mr. X might have been able to sell his product, but indirectly affected the faith of the client as well as the long-term relationship with the client. Thus, any banking organisation should try and avoid the misrepresentation of information by any of its team members, few steps that can help in avoiding the misrepresentation of information are as follows:

- **First Communication is Critical-** It is important for any banking organisation when dealing with their clients that their first communication both oral and written, are fair, clear, and accurate. Statements that can be viewed as misleading should be completely avoided.
- **Make quick correction-** In case of any unconscious misrepresentation, the employees of the banks should come forward as quickly as possible and try to rectify the mistake. If any wrong information is presented, it is best to fix it as soon as possible so that misleading content does not spread further.
- **Promote the use of credible sources-** Every Banking organisation should try to promote the use of authentic information by its employees, employees should adhere to an internal code of conduct for sharing information with the client, which should include the use of authentic sources like banks' internal circulars.
- **Doubt Resolution-** Every banking organisation should develop a proper doubt resolution mechanism for the client as well as internal employees so that any sort of misrepresentation due to avoidance of any doubt resolution can be avoided.
- **Promote the use of affirmative statements-** Saying no to a sentence containing false facts is like making an incorrect statement. Thus, every banking organisation should try to bring the culture of using affirmative statements in cases where there is an incorrect fact in any particular statement said by the customer so that they can remove the possibility of any kind of misinterpretation or reinforcement of misinformation.

## PRACTICES OF ETHICAL BEHAVIOUR

Ethics can be elaborated as a system of accepted beliefs, values, norms, and rules which influence human behaviour. In common jargon, ethics is treated as moral principles that govern a person's or a group's behaviour. It includes both the science of the good and the nature of the right. Banking professional ethics regulates the relationships of team members of the banking organisation with each other, with customers, and with society as a whole. There are various ethical practices which are ideally should be followed in every banking organisation, some of these are-

### Ethical Practices with Customers

- **Information to Costumer-** Provide accurate, consistent, complete and timely information under the limitations stipulated by laws and the information should be complete in all aspects.
- **Information Protection-** All banking organisations are lawfully as well as ethically under obligation to keep all the information and documents relating to their customers in strict confidence. The information should be accessible to persons and entities authorised by laws.
- **Customer Satisfaction-** Customer satisfaction is essential in every business including the banking business. And customer satisfaction is completely dependent on the quality of service provided by any banking organisation. Organisation should try to ensure quality maintenance in the technological infrastructure and human resources used to provide its product and service should aim for continuous development of service quality.
- **Security-** “Security” covers the prevention and protection of all kinds of breaches that may technically cause harm to services offered to customers in the banking sector apart from the precautions and measures aimed at the protection of the bank's service locations and premises against all kinds of attacks and offenses.

### Ethical Practices with Colleagues

The following are ethical practices adopted with the colleagues which are depicted in Fig. 4.10.

- **Integrity-** Employees with integrity are considered trustworthy. Every banking organisation is built on relationships. And qualities (Fig. 4.10) such as integrity, honesty, and trust which are essential for maintaining the relationships among the team members. The absence of any of these qualities is a threat to the relationship between co-workers as it may ultimately result in a decline in productivity.

- **Mutual Respect-** Encouraging mutual respect among team members helps in reducing workplace stress, conflicts, and problems. It also helps in improving communication between team members, thereby increasing knowledge of team members, improving understanding between team members, and improving the overall productivity of the banking organisation.



**Fig. 4.10: Ethical Practices With Colleagues**

- **Resolving Conflict-** Workplace disagreements or conflicts and tension is inevitable, and every team member should try to resolve them as soon as possible rather than avoiding them. These are the ways one should use to resolve conflicts-
  - Avoid Gossiping about the conflict
  - Discuss the issue face to face
  - Keep an open mind while discussing the issue
  - Avoid involving the third party until necessary
  - Try finding a common ground
- **Be Cooperative-** Cooperation is one of the most widely taught skills, even at an early age. Cooperation in the workplace makes the internal environment healthy, where team members work alongside to achieve both organisational and personal goals. Team members instead of working against each other must work with each other to be productive.

Team members should try to promote an environment of learning from each other.

### **AVOID DEFAMING PRODUCTS AND SERVICES OF COMPANIES IN COMPETITION**

All banking organisations should consider the competition as a legitimate race among all relevant entities operating in the banking sector which helps in assuring freedom in economic decisions and helps in conducting activities & operations in a free market economy. There is no space for defaming competitors' products or services in an environment of fair and transparent competition. Below are several reasons why, no matter the circumstance, it is never a good idea to defame the competition-

- **Legal Consequences-** Reputation in any banking organisation is one of the business most valued assets. Reputation damage can result in huge financial losses to any banking organisation. Thus, every organisation has legal rights against damaging false statements made about their business by competitors or other people. The lawsuits made in such scenarios are complex and can cause huge payment of damages to the competitor so defamed.
- **Looks unprofessional-** Every customer of any banking organisation expects the organisation to be professional about their work, as professionalism brings trust, which is of foremost importance for any banking organisation. Defaming the competitors hits the professionalism of any banking organisation, which ultimately affects the reputation of the organisation.
- **Deviates focus on own Business-** Rather than defaming the competitors, listing your organisations accomplishments, emphasizing how this sustained performance will benefit the client demonstrates the confidence and maturity the customer is looking for in a good business relationship. Focusing on the company's advantages helps makes a perception about the organisation which handles the competition by out-performing them. This attitude also helps promote an overall healthy competitive environment that is good for businesses and customers alike.

### **CONSULT SUPERVISOR IN DIFFERENTIATING BETWEEN ETHICAL AND UNETHICAL PRACTICES**

For an organisation like a banking company, the organisational culture is a composite of different subcultures or cultures at the organisational level, such as the team, division, and hierarchy.

People generally tend to conform to the norms of the people around them. Although most of the employees retain a desire to “do the right thing,” the definition of right is significantly influenced by the company they keep. Thus, the Culture of a banking organisation matters.

A strong ethical culture is a result of a diligently built ethics and compliance program, which is woven into the daily operations of the organisation. Although in a strong ethics culture, employees at all levels should be committed to doing what is right and upholding values and standards, the supervisors or leaders are always the powerful drivers of corporate culture; they set the tone in any banking organisation. Thus, leaders should help to promote a strong ethics culture:

- Leaders should talk about the importance of ethics.
- They should try to keep employees adequately informed about issues that impact them.
- They should try to uphold promises and commitments to employees and stakeholders.
- Acknowledge and reward ethical conduct.
- They should hold accountable those who violate standards, especially leaders.

Following the above practices gives the comfort to any employee to come and ask questions about differentiating between ethical and unethical practices in case of any confusion, which ultimately improves the overall culture of any banking organisation.

### Activity

**Activity 1:** Prepare a chart on practicing ethical behaviour in a banking organisation

**Materials Required:** Plain papers, sketch pens, pen, pencil, access to the Internet facility etc.

**Procedure:**

1. The teacher to explain practicing ethical behavior in banking organisation after going through the text of the session and other related material.
2. The students prepare their notes and will consult the relevant sites on the internet.

3. Every student will prepare a chart in the format, shown by the teacher on the blackboard, in the classroom. Steps in ethical behavior:
  - a) Understand ethical standards
  - b) Identify ethical dilemmas
  - c) Consider consequences
  - d) Seek guidance
  - e) Adhere to ethical codes
  - f) Act with integrity
4. The students will submit the charts to the teacher for evaluation.
5. The teacher will discuss the deficiencies in the class to enhance the understanding of the topic, of the chart.
6. Prepare new chart and submit it to your teacher.
7. Teacher will display the chart in class.

### Check Your Progress

#### A. Fill in the Blanks

1. Banking organisation's first communication both oral and written, are \_\_\_\_\_.
2. If any \_\_\_\_\_ is presented, it is best to fix it as soon as possible.
3. Bank employees should adhere to internal \_\_\_\_\_ for sharing information with the client.
4. Banking organisation should develop a proper doubt resolution \_\_\_\_\_ for the client.
5. Provide accurate, consistent, complete, and timely \_\_\_\_\_ in accordance with the limitations stipulated by laws.

#### B. Multiple Choice Questions

1. The information should be accessible to persons and entities
  - a) Authorised by-laws
  - b) Unauthorised by-laws
  - c) Cannot be accessible by-laws
  - d) None of the above



2. What are the ethical practices needed in banking organisation?
  - a) Integrity
  - b) Mutual Respect
  - c) Resolving Conflict
  - d) All above
3. What are the ways one should use to resolve conflicts?
  - a) Do not discuss the issue face to face
  - b) Try finding a common ground
  - c) Involve in Gossiping about the conflict
  - d) Avoid conflict
4. How can the internal environment make a healthy banking organisation?
  - a) By cooperation
  - b) By creating competition among employees
  - c) Providing incentives to employees
  - d) None of the above
5. Why it is not a good idea to defame a competitor's product?
  - a) Legal Consequences
  - b) Looks unprofessional
  - c) Your own business can be affected
  - d) All the above

**C. State whether the following statements are True or False**

1. Misrepresentation of information occurs when you falsify something in order to sell your product or achieve a higher gain out of your product.
2. Banking organisation's first communication both oral and written should be unfair, unclear, and inaccurate.
3. Statements that can be viewed as misleading should be completely avoided.
4. Every Banking organisation should not try to promote the use of authentic information.
5. The information should be accessible to persons and entities clearly authorised by laws.

**D. Match the Columns**

	<b>COLUMN A</b>		<b>COLUMN B</b>
1	Customer satisfaction	A	Should try to ensure quality maintenance in the technological infrastructure
2	Banking Organisation	B	Covers prevention and protection of all kinds of breaches
3	“Security”	C	Is essential in every business including the banking business.
4	Every banking organisation	D	Within team members helps in reducing workplace stress, conflicts and problems
5	Encouraging mutual respect	E	Is built on relationships.

**E. Short Answer Questions**

1. What is Misrepresentation of information?
2. Write a short on the use of credible sources.
3. Explain practices and ethical behaviour in banks, in short.

**F. Long Answer Questions**

1. Write a note on ‘ethical practices with customer’.
2. Describe ‘Ethical Practices with Colleagues’ in a banking organisation.

**G. Check Your Performance**

1. Demonstrate misrepresentation of information in a banking organisation.

## Session 4: Developing Team Climate in Banks

**TEAMWORK AND ITS FEATURES**

Every Banking organisation requires the skill & creativity of all the employees besides the efforts of charismatic managers or intelligent senior officials. Therefore, banking organisations place a huge concentration on teamwork to solve complex business problems through collaboration, to become superior over competitors, and increase the creativity of employees.

For sustainable business models, team-based work has always been a key element (Fig. 4.11). In the management dictionary, teamwork is considered to be a factor affecting the productivity and morale of each & every individual.



**Fig. 4.11: Teamwork and its Features**

In Simple terms, a team is defined as a group of people who are highly interdependent in their duties, always share the responsibility for any result, consider themselves as a sound social being, are considered likewise from outside, and are established in a social system. Every team has a duty, certain boundaries, and restricted authorities to manage the business processes assigned to them. In other words, a team is a group comprising two or more individuals, who come together to accomplish pre-specified objectives, are completely interdependent, and act in unison.

**Three important elements of the team can be elaborated as-**

- Two or more individuals are required to make any team.
- Feature of interdependence is the foremost requirement to form a team.
- People from the team achieve a certain pre-defined goal.

The element of the formation of a team is of foremost importance. A team should be an exact mix of great leaders/managers/executive assistants. Leaders or managers apart from other qualities should be able to understand the group dynamics so that they can hold the team together and executive assistants should be a person who possesses the quality of being hard working and should aspire to grow and do their best.

Based on the above discussion, the phrase “teamwork” can be shortly defined as or planned effort through which the team (group of people) focuses on the defined working processes together and takes each action to create an atmosphere that diligently values and encourages the participation of team

members as a whole. Thus, while the concept of "team" can be understood in a way that it is a tool used by organisations to achieve certain performance, the concept of "teamwork" can be defined as a process in which it is imperative to work in cooperation and in accordance with a common goal to achieve goals efficiently. Teamwork focuses on enhancing the team spirit thereby increasing the efficiency and efficacy of each & every individual.

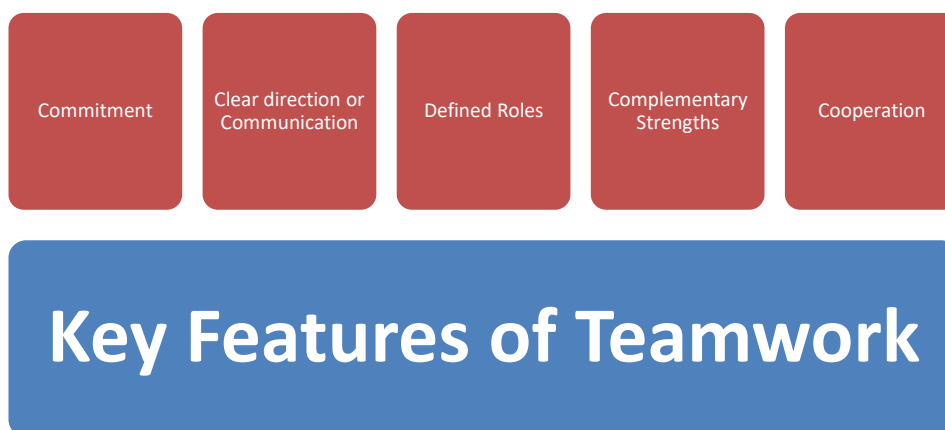
At the inception of any banking organisation, formal relationships within organisations are developed based on the overall requirement of the banking organisation, and these established relationships are reviewed from time to time. These established relationships intend to regulate the behaviours of each individual in the banking organisation. Thus, these defined relationship forms a number of team in any banking organisation in accordance with the organisational structure requirements.

### **KEY FEATURES OF TEAMWORK**

Teamwork is exemplified as a cooperative process that helps ordinary people to achieve extraordinary results (Fig. 4.12). Moreover, to understand the concept of teamwork, it's pertinent to go through the key features of teamwork, which are as follows-

- **Commitment:** One of the key features to building a great team in any banking organisation is commitment. Each & every individual in the team should believe in the objectives of the organisation. For the benefit of the team, every team member should set aside his or her personal goals.
- **Clear direction or Communication:** Proper communication of desired results and targets should be made among the team. This will give a clear path to the team members. Also, every team member should be enabled to share their thoughts and feelings without any repercussions. An environment of open communication should be created among the team within the banking organisation.
- **Defined Roles:** Great collaboration is highly dependent on well-defined responsibilities and roles. Setting clear roles doesn't just delegate authority, it also allocates ownership and accountability. Allocating one person to a particular area enables them to understand their contribution more tangibly.
- **Complementary Strengths:** To achieve the goal of teamwork, the team should consist of members which bring unique skills. When the skills of members complement one another, then only the team will be able to achieve the desired results.

- **Cooperation:** One of the key features of teamwork is the member's ability to cooperate well together. The combined efforts of a team help more to accomplish the desired goals of the team than the total efforts of all the members individually. The idea is simple enough: the more you collaborate and the more you communicate, the more you create.



**Fig. 4.12: Key Features of Teamwork**

### **DEVELOP A HEALTHY TEAM ENVIRONMENT**

It is always pertinent to build a healthy team climate within the banking organisation as it leads to higher job satisfaction, a healthier workforce (both physically and mentally), lower turnover, and thereby improved outcomes. A healthy climate is one within which the team members feel comfortable, can ask questions openly, share ideas freely, and trust each other, they feel valued, respected, and safe. It is the leader's responsibility to create a climate that reduces burnout and ensures teams are thriving to achieve the organisation's desired goals. Some of the general practices followed to create a healthy environment are as under:

- **Periodical Assessment of Team Climate**

It is essential for the leaders in the banking organisation to periodically assess team members' behaviors and practices. An effective system should be developed within the bank to help team members provide honest feedback about the team's effectiveness. This allows the team to truly reflect on and share in a safe and anonymous way what they believe the team's strengths are and, more importantly, where the team needs to improve in terms of its culture. The results of each and every assessment can suggest to the leaders what behaviors or practices require improvement.

- **Develop Stronger Interpersonal Relationships**

Regular interaction between the members builds a stronger bond which tends to make relationships among members, where they are kind

respectful, and compassionate towards one another and choose to see each other in a positive light.

- **Celebrate even Small Accomplishments**

The feeling of being unappreciated can lead to serious dissatisfaction among the team members. However, on the other side, praise can work wonders, and also it costs nothing and has priceless merits of happiness, motivation, and a sense of value and belonging. Thus, team leaders within the bank should genuinely take the time to recognise team member's accomplishments, no matter whether they are small or big, but it will create an environment of recognition and value.

### **BUILD MUTUAL TRUST**

The main cause of every problem that any banking organisation face in relation to their employees is a lack of trust in the environment and the existence of too much fear. High employee turnover, poor employee performance, issues between the team, puzzled employees, burnout, lack of commitment, and political infighting - these all are indications of a broken banking organisation culture.

Thus, trust is extremely essential for a team to function effectively because it provides a sense of safety to the members (Fig. 4.13). Without trust, there's less cooperation, creative mindset, productivity, and innovation-individuals focus on protecting themselves and their interests instead of focusing on attaining organisational goals.



**Fig: 4.13: Mutual Trust**

**Source: [shorturl.at/BDRX9](https://shorturl.at/BDRX9)**

### **FACTORS TO KEEP IN MIND TO BUILD MUTUAL TRUST**

The following factors are mainly influencing the build the mutual trust among the employees in the banks (fig. 4.14):

- **Be Honest:** Employees often respect a manager or senior official who can talk openly with them about difficult situations, answer their

questions and give them the real factual situation. This encourages honesty in employees and helps them raise difficult issues in front of their manager or their colleagues.

- **Avoid Unconscious or Conscious Bias:** In any professional life, any sort of bias, either conscious or unconscious can be destructive and can trigger anyone to make decisions that are not aligned with the objective of any business including the banking sector. Thus, a proper system within the organisation should be formed to address this issue.
- **Make the Team's Interest a Priority:** To gain the trust of the team members, managers, or senior officials in the bank should be their team's best advocate. In situations where they want to share some constructive feedback with their team about how they have worked on an assignment, it's imperative that to the external world they should be proud of their accomplishments & present their team in a positive light. They must avoid criticizing or demeaning their team in public.



## TRUST

**Fig. 4.14: Factors to build Mutual Trust**

**Source:** [shorturl.at/gZ125](https://shorturl.at/gZ125)

- **Accepts Mistake:** Another element which should be developed among the leaders in any banking organisation is owning their mistakes. To build trust among the team members, the leaders should take ownership not only of a team's success but also its failures. Admitting their mistakes help leaders to seem more likable and approachable.

- **Dependability:** Demonstrating that leaders or senior officials of the banking organisation can rely on and depend on the team members is fundamental to building trust. That sense of reliance on any team members makes them accountable for their work and also builds mutual trust among members.
- **Benevolence:** This is all about self-awareness. It is about avoiding self-centered behavior by the senior officials in the bank. One can easily develop this by being approachable, by being respectful towards others, by being non-judgmental, not taking credit for work done by others, allowing others to bring their point, and more importantly attentively and actively listening to them.

### **EXCHANGE, DEFEND AND RETHINK OF IDEAS**

culture of innovation in any banking organisation is increasingly being viewed as a key component of a banking business's success. Innovation creation lies in exchanging ideas, sharing expertise and learning experiences, solving problems, and creating a sense of connectedness within an organisation. Thus, for innovation to thrive, banking organisations should create a culture of inclusion, where employees feel that they can freely make suggestions and share ideas, and defend their ideas. It helps in bringing out a great level of energy and diligence, which otherwise may not be possible. There is a whole list of benefits arising from the culture of inclusion, however, some of these are:

- **Performance Management of Employee:** An exchange of ideas is important in the banking employee's performance management. The kind of ideas which come from the team members help in identifying how much a member is getting involved in the day-to-day operations of the banking organisation, thereby helping in identifying performance flaws if any on part of any team member.
- **Innovation:** In large organisations like banking companies, executive team members work on the root level, thus, they become a good source for upper-level management to find ideas that can make a large impact on the organisation as a whole.
- **Knowledge Sharing:** Knowledge sharing is a concept related to innovation as well as to increase the overall efficiency of the organisation. As sharing ideas helps in solving common problems of the organisation, for example, a team member in the bank might share a tip for troubleshooting an application that keeps crashing on a work computer, if the same information is distributed to every member of the banking organisation; every other member's time could be saved.



- **Risk Management:** The free exchange of ideas may be crucial in assisting any organisation to manage various risks. When every team member of the bank is given an opportunity of being heard, they can bring up something that matters the most. For example, when team members share organisational security threats, such as employee safety threats, suspected employee theft, potential issues with products or services offered, and other illicit activities or potentially costly business conditions, these can be of great help in identifying and managing existing or potential risks.

### **Defend the Idea Without Being Defensive**

Every team member in the banking organisation should be given the right to defend his/her idea and every team member should understand that getting behind an idea means imbuing it with conviction and passion. Such commitment is indispensable in a case where a team member is pushing an idea or an initiative that is important for the organisation to be taken into consideration. These levels of commitment also assist you in bringing other team members to your cause. When one faces criticism it's important to defend but without being defensive.

### **SUPPORT IN TEAM WORK MEMBERS**

To make every team member in the banking organisation should feel safe, supporting your team is highly important. To increase their efficiency, it's important to take away their feelings of vulnerability. Leaders need to reassure team members that they are capable and firmly establish a feeling that each and every member of the team is together. Some of the ways to do so are-

- **Proper Communication of Accountability:** While delegating accountability for work to a team member in the banking organisation, proper communication should be made at every level, otherwise, it may lead to a delay in the completion of work. For example, if a team member is accountable for something, which has been communicated to him but has not been communicated to anybody else, then this puts the team member in a situation where they have to make others believe that they are actually in charge of certain work. It becomes difficult because they have no real positional authority. They only have authority as bestowed by the senior officials of the bank.
- **Setting Standards:** Standard operating procedures in every banking organisation should be in place for supporting the team members, this removes ambiguity and provides more guidance to the team. There will be less variability in the quality of work produced by the team members.

- **Help Team members Up-skill:** It's pertinent to provide team members of any banking organisation with opportunities to learn through mentoring, formal training, job experience, and cross-skilling (Cross-skilling is the process of spreading skills and experience throughout the team). This helps team members remain updated and aligned with the dynamic banking business environment.
- **Stand up for the Team:** Sometimes, people will attack the team during work life. Whilst, it is important to understand the root cause of any issues, the default stance should have the team's back.

### GROUP DECISION MAKING

Designing decision-making structures are at the heart of any governance arrangement of a banking organisation (Fig. 4.15). And Group decision-making is always led to better, more thoughtful decisions. Group decision-making can provide ideas that have both theoretical and empirical support. Different team members in the banking organisation may have different views, through which they interpret information and options. Combining all those interpretations through extensive discussion which is followed by voting can effectively enable a team to make its decisions on a set of information, discussion, points, and judgments that is more extensive than, which would have been available at the individual level.

**Fig. 4.15: Group Decision Making**



Banking organisations are unwilling to delegate entire decision-making power to a single individual; the reason behind this is a belief that groups will be better at understanding and representing the overall interests of each and every team member of the banking organisations. Moreover, this is quite often

that the objectives of any policy are difficult to specify precisely and their pursuit might involve conflicts between different interest groups within the banking organisation. And there may be circumstances where they might have to be reinterpreted in ways that were not foreseen when they were initially formed. Group decision-making might therefore have greater legitimacy in the eyes of every team member of the banking organisation.

### **DEAL WITH PRODUCTIVITY WITH CONFLICT**

In the current dynamic banking business environment, employees in the banking sector face multiple challenges and obstacles in their daily operations. These threats thus bring unique challenges for upper-level management to manage in their banking organisations. One of which is arising of conflicts between team members or groups of members. One can view conflict as being a negative circumstance that should be avoided at any cost. But it should also be seen in the light of being a phenomenon that generates new ideas. In every conflict, there lies a hidden opportunity for teaching/learning/ growth, and development. If senior team members of any banking organisation do not use conflict for team building and leadership development purposes then they are missing a great opportunity. Divergent positions or views addressed properly can vitalise learning and creative thinking in ways that minds can't even think of.

Thus, it is pertinent for any banking organisation's health and performance that conflict is accepted and addressed through effective conflict resolution processes and new ideas should be generated for the growth and development of any banking organisation. While establishing a conflict resolution structure is imperative, but optimum use of conflict resolution processes is highly dependent on the willingness and the ability of all the parties involved to understand the real benefits arising out of the resolutions of conflicts.

### **CLIMATE CHALLENGES FOR BANKS**

Climate challenges for banks have become increasingly significant as the financial sector grapples with the impact of climate change. Following are the key challenges that banks face in relation to climate issues:

	<b>Challenge</b>	<b>Impact</b>
<b>Physical Risks</b>	Banks are exposed to physical risks arising from extreme weather events, such as hurricanes, floods, and wildfires. These events can damage assets, disrupt	Increased insurance claims, asset depreciation, and disruptions to business operations can affect a bank's financial stability.

	operations, and lead to loan defaults.	
<b>Transition Risks</b>	As economies transition to low-carbon models, there are risks associated with changes in policy, technology, and market preferences. Banks with investments in carbon-intensive industries may face financial losses.	Transition risks can result in stranded assets, loan defaults, and decreased valuations of investments in industries that are not aligned with sustainable practices.
<b>Regulatory and Legal Risks</b>	Evolving regulatory frameworks related to climate change can introduce uncertainties for banks. Legal actions related to environmental issues may also pose challenges.	Non-compliance with regulations and legal liabilities can result in financial penalties, reputational damage, and legal disputes.
<b>Reputational Risks</b>	Public awareness and concern about climate change have increased. Banks that are perceived as not taking sufficient action on environmental issues may face reputational risks.	Reputational damage can lead to a loss of customers, shareholders, and investors, affecting the overall financial health of the bank.
<b>Credit Risks</b>	The creditworthiness of borrowers in industries vulnerable to climate-related risks may be affected. Banks may face challenges in assessing and managing these credit risks.	Loan defaults, particularly in sectors highly exposed to climate risks, can lead to financial losses for banks.
<b>Operational Risks</b>	Climate-related events can disrupt a bank's operations, affecting its ability to deliver services. Operational risks may also arise from the need to adapt to new regulatory	Disruptions can lead to financial losses, increased operational costs, and potential damage to customer relationships.

	requirements and sustainability practices.	
--	--	--

### Activities

**Activity 1:** Role plays of a team leader and team members to build the mutual trust among them in the banks.

**Materials Required:** Plain papers, pen, pencil, etc.

**Procedure:**

1. The teacher asks one of the students to act as a Bank manager/team leader and others to act as team members.
2. Prior to the role-play, the teacher will tell the students the importance of the team spirit of a bank executive and will ask the students to make a list of possible questions to be asked to the team leader.
  - a) Team leader should be demonstrating the values of teamwork, collaboration, and mutual respect in their interactions with team members
  - b) Establish clear goals and expectations
  - c) Encourage collaboration and communication
  - d) Promote recognition and appreciation
  - e) Provide support and development opportunities
  - f) Create a positive work culture
  - g) Address conflict and challenges proactively
  - h) Promote cross-functional collaboration
  - i) Celebrate diversity and inclusion
  - j) Solicit and act on feedback
3. Prepare the script of the role-plays.
4. The teacher should get the role play repeated by different actor-students.
5. The teacher asks the other students to note down the observations.
6. End of the role play teacher will give suggestions on her observation.

**Activity 2:** Interaction with a working bank manager of any bank and prepare a list of persons/ entities eligible to function as team leaders/members.

**Materials Required:** Notebook, pen, pencil, etc.

**Procedure:**

1. Teacher will arrange a visit at bank for an interaction with a bank manager in the bank.
2. Teacher motivates the students to ask questions from the bank manager to understand the team spirit of bank executives.
3. Students will prepare questions and ask from the concerned person.
4. Teacher asks the other students to note down the points.
5. After the interaction, students will write a short note on the role of Teamwork and its features. The eligibility of entities to function as team leaders in banks depends on factors such as:
  - a) Their experience and expertise
  - b) Leadership abilities, and the specific needs
  - c) Dynamics of the team and organization
  - d) Effective team leaders are those who can inspire, motivate, and guide their teams
  - e) Achieving common objectives while fostering a positive and collaborative work environment
6. Teacher fills the gaps of understanding the spirit of teamwork of bank executives if any.

**Check Your Progress****A. Fill in the Blanks**

1. \_\_\_\_\_ individuals are required to make any team.
2. For sustainable business models, team-based work has always been a \_\_\_\_\_.
3. One of the key features to building a great team in any banking organisation is \_\_\_\_\_.
4. An environment of \_\_\_\_\_ should be created among the team within the banking organisation.
5. To achieve the goal of teamwork, a team should consist of members which bring a \_\_\_\_\_.

**B. Multiple Choice Questions**

1. What are the important elements of a team?
  - a) Two or more individuals are required to make any team.

- b) Feature of interdependence is the foremost requirement to form a team.
  - c) People from the team to achieve a certain pre-defined goal
  - d) All above
2. The key features of teamwork are:
- a) Commitment
  - b) Clear direction or Communication
  - c) Both a and b
  - d) None of above
3. What is required to develop stronger interpersonal relationships?
- a) Regular interaction between the members
  - b) It is not necessary to interact between members
  - c) Do not choose to see each other in a positive light.
  - d) Forcibly develop a stronger relationship
4. The Feeling of being unappreciated can lead to a serious
- a) Satisfaction among the team members
  - b) Dissatisfaction among the team members
  - c) Both
  - d) None of the above
5. What is the main cause of every problem that any banking organisation faces?
- a) Lack of trust.
  - b) Poor employee performance
  - c) Puzzled employees
  - d) High employee turnover

**C. State whether the following statements are True or False**

- 1. Trust is extremely essential for a team to function effectively.
- 2. Employees often respect a manager or senior official who can talk openly with them.
- 3. In any professional life, any sort of biases, either conscious or unconscious cannot be destructive.

4. A culture of innovation in any banking organisation is a key component of a banking businesses success.

5. Banking organisations should not create a culture of inclusion.

#### D. Match the Columns

	COLUMN A		COLUMN B
1	An exchange of ideas	A	Is a concept related to innovation as well as to increasing the overall efficiency of the organisation.
2	Knowledge sharing	B	May be crucial in assisting any organisation to manage various risks.
3	The free exchange of ideas	C	Is important in the banking employee's performance management.
4	Every team member	D	It's important to take away their feelings of vulnerability.
5	To increase their efficiency	E	In banking, organisation should be given the right to defend his/her idea

#### E. Short Answer Questions

1. Write three important elements of a team.
2. Explain key features of teamwork.

#### F. Long Answer Questions

1. Describe the factors to keep in mind to build mutual trust.

#### G. Check Your Performance

1. Demonstrate the key feature of the team work.
2. Spell out the factors to build mutual trust.
3. Demonstrate actions on group decision making aspects.



**Answer Keys****Module 1: Banking Transactions****Session 1: Deposit Transactions****A. Fill in the Blanks**

1. bank or financial institution
2. lower
3. 5 lakh
4. higher
5. Reserve Bank of India (RBI)

**B. Multiple Choice Questions**

1. b
2. c
3. c
4. b
5. c

**C. State whether the following statements are True or False**

1. False
2. False
3. False
4. False
5. False

**D. Match the Columns**

1. B
2. D
3. A
4. C

**Session 2: Cash Withdrawal Transactions**

**A. Fill in the Blanks**

1. passport or driver's license
2. IMPS (Immediate Payment Service)
3. banknotes and coins
4. Financial Inclusion
5. PIN(Personal Identification Number)

**B. Multiple Choice Questions**

1. c
2. c
3. b
4. c
5. c

**C. State whether the following statements are True or False**

1. False
2. False
3. True
4. True
5. False
6. False

**D. Match the Columns**

1. D
2. C
3. A
4. B

**Session 3: Account Transfers****A. Fill in the Blanks**

1. account
2. Security
3. exchange rates

4. immediate
5. Peer-to-peer apps

**B. Multiple Choice Questions**

1. B
2. C
3. D
4. C
5. C

**C. State whether the following statements are True or False**

1. False
2. False
3. True
4. False
5. True

**D. Match the Columns**

1. B
2. D
3. E
4. A
5. C

**Session 4: Payment from Bank Accounts****A. Fill in the Blanks**

1. parties, businesses, and financial institutions
2. cashless
3. bank
4. IMPS (Immediate Payment Service)
5. financial services

**B. Multiple Choice Questions**

1. B

2. B

3. B

4. C

5. A

C. State whether the following statements are True or False

1. False

2. True

3. False

4. False

5. True

D. Match the Columns

1. E

2. B

3. A

4. C

5. D

## MODULE 2: Banking Services to Customers

### Session 1: Loan and Mortgage Services

A. Fill in the Blanks:

1. delivery

2. face

3. ongoing

4. day and time

5. General Insurance

B. Multiple Choice Questions:

1. A

2. C

3. C

4. A

5. C

C. State whether the following statements are True or False:

1. False

2. True

3. True

4. False

5. False

D. Match the Columns:

1. D

2. E

3. A

4. B

5. C

## Session 2: Wealth Management Services

A. Fill in the Blanks

1. products

2. disbursed

3. updates

4. other products

5. fulfilling

B. Multiple Choice Questions:

1. C

2. C

3. D

4. C

5. B

C. State whether the following statements are True or False:

1. False
2. False
3. False
4. False
5. False

**D. Match the Columns:**

1. D
2. E
3. A
4. B
5. C

**Session 3: Customer Services**

**A. Fill in the Blanks:**

1. Management of customer accounts
2. Post-sales
3. Products/services
4. Remains
5. Increase

**B. Multiple Choice Questions:**

1. C
2. C
3. C
4. C
5. A

**C. State whether the following statements are True or False:**

1. True
2. True
3. True

4. True

D. Match the Columns:

1. C
2. E
3. A
4. B
5. D

### Session 4: Recovery and Defaulter Management Process

A Fill in the Blanks:

1. Agreement
2. Default
3. Instalments
4. Recovery
5. Defaulters

B. Multiple Choice Questions:

1. C
2. A
3. D
4. B
5. D

C. State whether the following statements are True or False:

1. False
2. False
3. False
4. False
5. False

D. Match the Columns:

1. C

2. A

3. B

4. E

5. D

## MODULE 3: Customer Centric Service Orientation

### Session 1: Communication with Customers and Colleagues

#### A. Fill in the Blanks:

1. Communicate
2. Spoken communication
3. Encoded
4. Listening
5. Personal Presentation

#### B. Multiple Choice Questions:

- 1.D
- 2.C
- 3.D
- 4.C
- 5.D

#### C. State whether the following statements are True or False:

- 1.True
- 2.False
- 3.True
- 4.True
- 5.True

#### D. Match the Columns:

- 1.E
- 2.A
- 3.D



4.B

5.C

## Session 2: Sensitivity in Behaviour

### A. Fill in the Blanks:

1. Appreciative
2. General
3. Respectful and Sensitive
4. Respect
5. Social Differences

### B. Multiple Choice Questions:

- 1.D
- 2.C
- 3.C
- 4.C
- 5.D

### C. State whether the following statements are True or False:

- 1.False
- 2.False
- 3.False
- 4.True
- 5.False

### D. Match the Columns:

- 1.E
- 2.C
- 3.A
- 4.B
- 5.D

## Session 3: Communication at Workplace

**A. Fill in the Blanks:**

1. poor communication
2. listening and empathy
3. cooperation
4. shared goals
5. proactive

**B. Multiple Choice Questions:**

- 1.D
- 2.B
- 3.D
- 4.A
- 5.D

**C. State whether the following statements are True or False:**

- 1.False
- 2.True
- 3.True
- 4.False
- 5.True

**D. Match the Columns:**

- 1.E
- 2.A
- 3.D
- 4.B
- 5.C

**Session 4: Maintain service Orientation and Implementation****A. Fill in the Blanks:**

1. Feedback
2. satisfaction

3. problem
4. top management
5. trust, and confidence

**B. Multiple Choice Questions:**

1. d
2. d
3. c
4. d
5. c

**C. State whether the following statements are True or False:**

1. True
2. False
3. False
4. False
5. True

**D. Match the Columns:**

1. D
2. A
3. B
4. C
5. E

## **MODULE 4: Integrity Ethics and Team Work in Banking**

### **Session 1: Integrity in Banking**

**A. Fill in the Blanks:**

1. Commitment
2. Trust and Integrity
3. Human resource
4. Corrupt practice

5. Deviates

B. Multiple Choice Questions:

1. d
2. a
3. a
4. b
5. d

C. State whether the following statements are True or False:

1. True
2. False
3. True
4. False
5. True

D. Match the Columns:

1. C
2. A
3. B
4. E
5. D

## Session 2: Protecting Customer Information

A. Fill in the Blanks:

1. stores sensitive data
2. varying
3. legitimately
4. least privilege principle
5. efficacious

B. Multiple Choice Questions:

1. a

2. a

3. b

4. c

5. d

C. State whether the following statements are True or False:

1. True

2. False

3. True

4. False

5. True

D. Match the Columns:

1. C

2. A

3. B

4. D

5. E

### Session 3: Ethical Practices of Banks

A. Fill in the Blanks:

1. Fair, clear and accurate

2. Wrong information

3. Code of conduct

4. Mechanism

5. Information

B. Multiple Choice Questions:

1. a

2. d

3. b

4. a

5. d

C. State whether the following statements are True or False:

1. True
2. False
3. True
4. False
5. True

D. Match the Columns:

1. C
2. A
3. B
4. E
5. D

### Session 4: Developing Team Climate in Banks

A. Fill in the Blanks:

1. two or more
2. key element
3. commitment
4. open communication
5. unique skills

B. Multiple Choice Questions:

1. d
2. c
3. a
4. b
5. a

C. State whether the following statements are True or False:

1. True

2. True

3. False

4. True

5. False

D. Match the Columns:

1. C

2. A

3. B

4. E

5. D

### Glossary

Word	Meaning
Deposit Transactions	Adding funds to a bank account, increasing the account balance.
Cash Withdrawal Transactions	Withdrawing money from a bank account, decreasing the account balance.
Account Transfers	Moving funds from one bank account to another, often within the same bank.
Payments from Bank Accounts	Transactions involving the disbursement of funds from a bank account for goods or services.
Loan and Mortgage Services	Financial products allowing customers to borrow money or purchase property through a mortgage.
Wealth Management Services	Services aiding customers in managing and growing their wealth, often involving investment and financial planning.
Customer Services	Support and assistance provided by the bank to address customer inquiries and requests.

Recovery and Defaulter Management Process	Strategies to recover funds from customers who have defaulted on loans or payments.
Communication with Customers and Colleagues	The exchange of information between bank employees, customers, and colleagues.
Sensitivity in Behavior	Being considerate of the feelings and needs of customers and colleagues in interactions.
Communication at Workplace	Methods and practices of effective communication within the workplace.
Maintain Service Orientation and Implementation	Sustaining a customer-focused approach and implementing strategies to enhance service quality.
Integrity in Banking	Adhering to high moral and ethical standards in banking activities to ensure trust and transparency.
Protecting Customer Information	Safeguarding confidential customer data from unauthorized access or disclosure.
Ethical Practices of Banks	Upholding moral principles and standards in the conduct of banking operations.
Developing Team Climate in Banks	Fostering a positive and collaborative work environment among bank employees.
Transaction	A financial activity or operation, such as a deposit, withdrawal, transfer, or payment.
Account Balance	The amount of money in a bank account at a given time.
Credit	The ability to borrow money or access funds.
Debit	The removal of funds from a bank account.
Interest Rate	The percentage charged or paid for the use of money over time.



Collateral	Assets pledged by a borrower to secure a loan.
Investment	Allocating money with the expectation of generating income or profit.
Portfolio	A collection of financial assets, such as stocks and bonds, held by an individual or institution.
Diversification	Spreading investments across different assets to reduce risk.
Overdraft	Withdrawing more money from an account than is available.
Credit Score	A numerical representation of a person's creditworthiness.
Default	Failing to meet the terms of a loan agreement.
Foreclosure	The legal process of seizing property due to loan default.
Customer Satisfaction	The degree to which customers are content with a product or service.
Feedback	Information provided in response to a product or service.
Problem Resolution	The process of addressing and resolving customer issues or complaints.
Empathy	Understanding and sharing the feelings of others.
Teamwork	Collaborative efforts of a group to achieve a common goal.
Code of Ethics	A set of principles outlining acceptable conduct within an organization.
Confidentiality	Protecting sensitive information from unauthorized access or disclosure.

Compliance	Adhering to laws, regulations, and industry standards.
Professional Development	Activities to enhance skills and knowledge in a professional setting.
Leadership	Guiding and influencing others to achieve common goals.
Mentorship	The relationship between a more experienced individual (mentor) and a less experienced one (mentee).
Risk Management	Identifying, assessing, and mitigating potential risks.
Financial Literacy	Understanding and managing one's finances effectively.
Innovation	Introducing new ideas, methods, or products to improve processes.
Regulatory Compliance	Adhering to laws and regulations governing the financial industry.
Fraud Prevention	Measures to detect and prevent fraudulent activities.
Stakeholder	An individual or group with an interest or concern in the success of an organization.
Corporate Social Responsibility (CSR)	Business practices that contribute to societal and environmental well-being.
Globalization	The process of interaction and integration among people, companies, and governments from different nations.
Economic Forecast	Prediction of future economic trends and conditions.
Sustainability	Meeting the needs of the present without compromising the ability of future generations to meet their own needs.

