

Testwale Current Affairs PDF

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1. RBI directs the Credit Information Companies to appoint Internal Ombudsman by 1 April 2023 (Oct. 7, 2022)

Reserve Bank of India in a circular issued on 6 October 2022 has asked the Credit Information companies (CIC) to strengthen their customer grievance redressal mechanism by appointing Internal Ombudsman by 1 April 2023.

Function of the internal ombudsman

The Internal ombudsman will hear the appeal against the decision of the CIC which has partially or wholly rejected the complaints of a customer.

It will not hear direct complaints of the customer against the CIC.

Who can be appointed for the post of Internal Ombudsman?

According to the central bank, the internal ombudsman shall be either a retired or a serving officer, not below the rank of deputy general manager or equivalent in a financial sector regulatory body, credit information companies, a non-banking financial company (NBFC) or bank. The person shall have a minimum experience of 7 years.

The appointment will be for a fixed term of not less than three years, but not exceeding five years.

The internal ombudsman cannot be removed before the completion of the contracted term without the RBI's explicit approval.

Difference between Banking Ombudsman and Internal Ombudsman

Banking Ombudsman was introduced by RBI **in 1995** under the Banking Regulation act 1949.

Banking Ombudsman are the **senior officers of RBI, appointed by RBI.**

They hear complaints of the customer against the deficient services provided by the banks.

The customer can approach the banking ombudsman if they are satisfied with the reply of the bank on their complaint.

The whole process is free and is an alternative mechanism to the court system.

Internal Ombudsman

To lessen the burden on the banking ombudsman, RBI introduced the Internal Ombudsman system **in 2015** for the banks initially.

It was introduced to settle the complaint of the customer at the bank level itself.

Internal ombudsmen are an independent person appointed by the banks themselves and they review complaints of the customer that were partially or wholly rejected by the respective banks.

Credit Information Companies

Credit Information companies are financial companies which maintain the credit history of a person or companies. It means it maintains the record of their borrowing from financial institutions, their track record in the repayment of loans and on the basis of that it prepares a credit information report. This report is used by the banks etc. to decide whether to provide loans to the person /company or not.

CIC in India are:

- Credit Information Bureau of India Limited (CIBIL),
- Equifax Credit Information Company,
- Experian Credit Information Company, and
- CRIF High Mark Credit Information Company.

They are regulated by the RBI.