

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:806  
ANSWERED ON:12.11.2010  
OUTSOURCING IN BANKING SECTOR  
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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the public and Private Sector Banks including the State Bank of India are outsourcing their work relating to the issuing of credit cards / other activities to the private agencies;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government/Reserve Bank of India (RBI) has received complaints regarding functioning of the said private agencies;
- (d) if so, the details thereof; and
- (e) the corrective steps taken / being taken by the Government / RBI in this regard?

**Answer**

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a)to (d): Yes, Sir, Reserve Bank of India (RBI) has issued guidelines allowing outsourcing of credit cards / other activities to the private agencies by public and private sector banks including the State Bank of India. RBI has also issued guidelines for laying down a framework for managing the attendant risks in outsourcing.

(c) &(d): As per the complaints filed with the Banking Ombudsman (BO) offices the details are as follows:

SI.No. Year No. of complaints(deficiencies in services in credit/debit/ATM card operations) at BO Offices (including brought forward complaints of previous year) Disposal rate of credit/debit/ATM Card related complaint

1	2007-08	10,129	102%
2	2008-09	17,648	95.6%
3	2009-10	18,810	94%

(e) RBI has issued guidelines on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks', in terms of these guidelines, banks have been advised that the outsourcing of any activity by bank does not diminish its obligations, and those of its Board and senior management, who have the ultimate responsibility for the outsourced activity. Banks would therefore be responsible for the actions of their service providers including Direct Sales Agents / Direct Marketing Agents and recovery agents and the confidentiality of information pertaining to the customers that is available with the service provider.