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A Study on Consumer Protection and Financial Education in Indian Banking Sector

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***Abstract*—Banking Industry in India has a strong history, which covers the traditional banking practices from the time of Britishers to reforms period, Nationalization to privatization of banks. Now number of foreign banks in India is increasing. The use of technology has brought a revolution in working style of the bank. Nevertheless, the fundamental aspects of banking is trust and the confidence of the people on the institution remain the same.**

Consumer protection is need of the hour, there has been many reforms in banking sector like dilution of government stakes, deregulation etc that resulted in greater completion and increased attention to be given to consumer protection in banking sector. There is reduction in cost of banking services and Consumers need to make use of facilities available like use of ATM'S, internet or telephone banking etc. National centre for financial education is a joint intiative of all financial sector regulators is RBI, SEBI IRDAI and PFRDA.

For an average Indian financial literacy is yet to become a priority. India is home to 17.5% of world's population and nearly 76% of its adult population does understand basic financial concepts. Financial education is more critical for developing nations like India. Financial litracy according to its literal definition, is the ability to use skills and knowledge to take effective and informal money management decision. Lack of basic financial literacy leads to unproductive investment decision. Financial litracy is one of the top priorities for most of the nations.

Both consumer protection and financial litracy goes hand in hand if financial education is given on priority basis it supports the consumer protection in banking sector. Banking sector is adding many technological advancements to its services. It is essential to customers to get knowledge of provided services. Therefore, Banks have to take much more initiative to give financial education to present and potencial customers to flourish in its services. This paper makes an attent to analiysis the customers protection services and financial education initiatives taken by Banks to compite and sustain in Banking sector.

***Index Terms*—consumer protections, financial Education, Banks**

I. INTRODUCTION

Banking Industry in India has a strong history, which covers the traditional banking practices from the time of Britishers to reforms period, Nationalization to privatization of banks. Consumer protection is need of the hour, there has been many reforms in banking sector like dilution of government stakes, deregulation etc that resulted in greater completion and increased attention to be given to consumer protection in banking sector. For an average Indian financial literacy is yet to become a priority. India is home to 17.5% of world's population and nearly 76% of its adult population does understand basic financial concepts.

Both consumer protection and financial litracy goes hand in hand if financial education is given on priority basis it supports the consumer protection in banking sector. Banking sector is adding many technological advancements to its services. It is essential to customers to get knowledge of provided services. Therefore, Banks have to take much more initiative to give financial education to present and potencial customers to flourish in its services. This paper makes an attent to analiysis the customers protection services and financial education initiatives taken by Banks to compite and sustain in Banking sector.

II. STRUCTURE OF BANKING SECTOR IN INDIA

The Indian banking industry has its foundation in the 18th century and has had a varied evolutionary experience since then. The initial banks in India were primary traders bank engaged only in financial activity.The initial days of industry saw a majority private ownership a highly volatile work environment. Major strided towards public ownership and Accountability were made with nationalisation in 1969 and 1980 which transformed the face of banking in India.
Indian banks are classified into commercial Bank and co-operative Bank. Commercial Bank comprise first is schedule commercial Bank and non-scheduled commercial Bank. Schedule banks classified into private, public, foreign bank and regional rural banks and co-operative banks include urban and rural co-operative Banks.

III. RESERVE BANK OF INDIA

Reserve Bank of India Act, 1934 is the legislative act under which the Reserve Bank of India was formed. This act along with the Companies Act, which was amended in 1936, were meant to provide a framework for the supervision of banking firms in India.

IV. SCHEDULED & NON SCHEDULED BANKS

Scheduled Banks in India refer to those banks which have been included in the Second Schedule of Reserve Bank of India Act, in 1934. Banks not under this Schedule are called Non-Scheduled Banks. In other words, Banks with a reserve capital of less than 5,00,000 qualify as non-scheduled banks. Unlike scheduled banks, they are not entitled to borrow from the RBI for normal banking purposes, except, in emergency or “abnormal circumstances.” Coastal Local Area Bank Ltd (Vijayawada, AP), Capital Local Area Bank Ltd (Phagwara, Punjab), Krishna BhimaSamruddhi Local Area Bank Ltd (Mahbubnagar, Telangana), Subhadra Local Area Bank Ltd (Kolhapur, Maharashtra) are the only Non-Scheduled Banks in India.
Scheduled Banks are further internally classified into Commercial Banks and Co-operative Banks.

Commercial Banks: A commercial bank is a type of financial institution that provides services such as accepting deposits, making business loans, and offering basic investment products to the general public and to companies. Commercial Banks are required to be registered under Banking Regulation Act, 1949.

Public Sector Banks: Public Sector Banks (PSBs) are banks where a majority stake (i.e. more than 50%) is held by a government. The shares of these banks are listed on stock exchanges. There are a total of 21 PSBs in India and State Bank of India group. In 1969, the Indira Gandhi-headed government nationalized 14 major commercial banks. In 1980, a further 6 banks were nationalized. IDBI Bank is an Indian government-owned financial service company, formerly known as Industrial Development Bank of India, headquartered in Mumbai, India. It was established in 1964 and Nationalized in the year 2005.

Private Sector Banks:
The "private-sector banks" are banks where greater parts of share or equity are not held by the government but by private shareholders. There are many Indian and Foreign Private Banks in India. HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank, Yes Bank, IDFC Bank, RBL Bank, Federal Bank, City Union Bank are the major private banks in India. There are also several foreign banks in India mainly operating in urban areas and Metropolitan Cities.

IV. OBJETIVES OF STUDY

1) To know the measures taken by banks to give protection to their consumers.
2) To know the modern service provided by the bank in India to it's consumer.
3) To analysis important of financial education in India.
4) To know the initiatives taken by bank to educate thier consumers about the modern.

V. METHODOLOGY

The study is mainly based on the secondary data, the data is collected form published articles, Reports of

RBI and SEBI and from various websites of banks. And also effort is made to collect the information about the topic by discussing with some of the officials in banks. Prepared few questionnaire and ask feedback with bank officers.

VI. CONSUMER PROTECTION

The Consumer Financial Protection Act is an amendment to the National Bank Act designed to identify and explain the standards that apply to national banks. The Consumer Financial Protection Act aims to increase oversight and clarify the laws governing financial transactions in order to protect consumers in these transactions. The act resulted in the creation of the consumer financial protection bureau to centralize the regulation of various financial products and services. The Bureau of Consumer Financial Protection is amending Regulation E, which implements the Electronic Fund Transfer Act, and the official interpretation to the regulation, which interprets the requirements of Regulation E. The final rule provides new protections, including disclosures and error resolution and cancellation rights, to consumers who send remittance transfers to other consumers or businesses in a foreign country. The amendments implement statutory requirements set forth in the Consumer Protection Act.

In the wake of the worst U.S. financial crisis since the Great Depression, Congress passed and the President signed into law sweeping reforms of the financial services regulatory system through the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Title X of the Dodd-Frank Act is entitled the Consumer Financial Protection Act of 2010. The CFP Act establishes the Bureau of Consumer Financial Protection within the Federal Reserve System with rulemaking, enforcement, and supervisory powers over many consumer financial products and services, as well as the entities that sell them. The CFP Act substantially, though not completely, consolidates in the CFPB federal consumer protection powers that previously were held by seven other regulators. It has the authority to write rules to implement a broad array of federal consumer financial protection laws, as well as most consumer compliance supervisory and enforcement powers over larger depositories. However, the CFPB did not acquire from the banking regulators the primary supervisory and enforcement powers over smaller depositories. The Bureau also wields new federal consumer financial protection powers to regulate non-depository financial institutions, which previously were largely unregulated at the federal level. However, the CFP Act wholly exempts certain non-depository financial institutions from the Bureau's regulatory reach. Although the powers that the CFPB has at its disposal are largely the same or analogous to those that other federal regulators have held for decades, there is a great deal of uncertainty in how the new agency will exercise these broad and flexible authorities, especially in light of its almost exclusive focus on consumer protection and the novel expansion of federal oversight to non-depository financial institutions. This uncertainty has some anxious that the Bureau, in the name of protecting consumers, may excessively restrict consumer credit and unduly increase regulatory costs. As the Bureau continues to exercise its authorities, policy makers will have a performance record on which to evaluate how the CFP Act is working and whether amendments might improve consumer protections, reduce compliance costs. To give protection to consumers government as taken many measures, which is mention in this paper.

These are the case where consumers sue for there rights. Only consumer protection is concentrated:

Case 1: Wrongful dishonor of bank Draft: SBI Vs N.Raveendran Nair [1992(2) CPR 400], Issue before national commission was that bank refused to encash the demand draft on the ground that the signature of one of the two officials of the bank was missing. The state commission held that the dishonor of the draft was due to the bank, and therefore there was deficiency in service by bank. A compensation of Rs 19,500/- was awarded by the commission for the inconvenience. The National commission dismissed the appeal of the bank against the judgment of the state commission.

Case 2: Vimal Chandra Grover Vs Bank of India [2000(2)CP] 11(SC): [AIR 2000 SC 2181], In this case it was argued before the supreme Court on behalf of the bank that the appellate, who took overdraft facility from the bank by pledging shares, is not a consumer within the meaning of the consumer protection Act. The supreme Court repelled the arguments of the bank and held that bank is rendering service by providing overdraft facilities to a consumer, which is not without consideration. Bank is charging interest and other charges as well in providing the services provision for overdraft facility is certainly a part of the banking and falls within the meaning of "Service" as provided in Section 2(1) of the Act.

VII. MODERN BANKING SERVICES PROVIDED BY THE BANKS IN INDIA TO IT'S CONSUMERS

The mobilisation of the nation's savings and making them available for productive user, morden banks render numerous services to their costumes, some are:
*Core banking
*Locker facilities
*Moving form information to insight
*From cash to electric mode of payment
*Mail transfer
*Telegraph or Telex transfer
*Credit cards and Debit cards
*Mobile banking
*Green banking
*Electric fund transfer
*Real-Time Gross settlement
*National electrical fund transfer (NEFT)

Core banking:
Core banking is often associated with retail banking and many banks treat the retail customers as their core banking customers. Business are usually managed via the corporate banking division of the institution. Core banking covers basic depositing and lending of money. Core banking functions will include transaction accounts, loans, mortgages and payments. Banks make these services available across multiple channels like Automated Teller Machines, Internet banking, Mobile banking and branches.
Banking software and network technology allow a bank to centralise its record keeping and allow access from any location.

Locker facilities:
Bank provide for safe deposit lockers in which customer and others can keep their valuable, by taking a locker on hire. Lockers of different sizes are available and it can be selected according to one's requirements. The rent is between RS 300 to 1,900 per this year, because rent varies according to the size of the locker. For availing the locker facility a person must enter into a lease agreement with the bank, with the bank and it must be stamped. Double locking system is used for the lockers.

Mail transfer:
This is one method of transferring money from one branch to another. Here one branch will write the draft and they will send it to the other branch. But this method is not popular, even bank won't charge anything except out draftcharges.

VIII. FROM CASH TO ELECTRIC MODE OF PAYMENT

Credit card:
A credit card is plastic card which allows the holder's to buy goods and services and some time even foreign exchange also on credit. It is an easy and safe way to pay because it is accepted in retail shops, wholesale shops, supermarket, hotel, travel agent etc. This system was invented in the United States of America in the year 1920. The principal behind the credit card is "buy now, pay later". Credit card can be used both, for major occasion, and also for everyday purchase like groceries, cosmetic, petrol, medicine, auto accessories even hospital bill can be paid. Credit card holder can choose to have their photograph and signature digitally imprinted on the front of your card and colour, so that you get the extra recognition and security. For consumer safety bank taking many initiative.

Debit cards:
A debit card is similar to credit card, but in a debit card transactions are immediately debited to the account that is, if we have sufficient balance in Account, you can use the debit card. Benefit give to Debit cards holders is 24-hour ATM, Debit card shopping convenience, PC banking, internet Banking, cheque book, automotic fixed deposit sweep etc. Persent rule is minimum balance should be 1,000.

Telegraph or Telex transfers:
Consumer request the banker to transfer money from one place to another, this is the fastest method. The banker use secret code for this. The bank charges

include draft charges and the actual charge for Telex or telegraph. Under this method, money is transferred from one place to another immediately and this method is quite popular.

Mobile banking:

The mobile banking will be available to all consumer having a satisfactory running Account (current/savings). The customers will have to register for the services. Daily transaction limits for fund transfer and bill/merchant payment is Rs50,000/- per customer with an overall calendar month limit of Rs 2,50,000/-. The service will be carrier-agnostic even all customer can avail the mobile banking services with irrespective of the services provided for their mobile.

Green banking:

Green banking is normal bank, but it considers all social and environmental factor. It is also called an ethical bank, because it protects the environment. The main distinction between normal bank to Green bank is it weightage to environmental factor. It avoid paperwork and transaction through online. Creating awareness about environment protection, safety standards. Green bank use recycled paper and recycle waste.

Electrical fund transfer:

In Indian Bank normally 2 type fund transfer used one is real time Gross settlement and other is national electrical transfer system. Transaction which are bulk and repetitive in nature are routed through electronic clearing service. One is ECS-CREDIT one debit and multiple credit and other is ECS DEBIT one credit and multiple debit.

To optimize utilisation of these benefits, The level of literacy in country encourage cashless and digital economy. To develop economy cash less and digital Financial education will play major role . Facility which banks provide services to use it optimistic the financial education play Major role. Country like Inida with huge population to control fruads level of financial education or percentage of financial letrate should be more. To protect themselves from frudular activity is most difficult task to citizen.

Need for financial education in Indian to improve economy and individual education citizen on country is most important. There are many facility provided by banks even thought many measures has been taken few many miss use it. To optimum utilization and reach consumers when they required they provide these facility to consumers.

IX. ROLE OF CONSUMER EDUCATION AND AWARENESS IN PROTECTION OF RIGHTS OF CONSUMER

Consumer education and awareness support consumer in their attempts to organize their every day lives in sustainable way and it creates understanding of their role in the economic system and how and to what extent they can influence the banking system, the society through their individual consumer behavior to create a better system in banking. Consumer education is concerned with education people with the attitude and knowledge required for living in a consumer society. Consumer awareness means creating awareness of consumer rights and duties. Consumer should have education and awareness regarding their protection to achieve maximum satisfaction.

Initiatives by government

Government of India has taken up number of initiatives for providing protection to consumer thought law and creating consumer awareness in the country, some of them are:

Consumer protection Act

India been advocacy with consumer protection Act 1986. It provides legislation framework to promote and protect the rights of the consumers. Consumer court adjudicate complaints reating to defect in goods or deficiencies in service and meant to provide simple, inexpensive and speedy redressal of consumer grievances. The existing Act also provide for establishment of consumer protection council at Central, state and district level to function us advisory boadies on consumers advocacy. These bodies assigned some objects to promote and protect consumer rights among them. Consumer education is also one of the rights. Mainly to educate consumer in country the department is responsible to educate and to create awareness among consumer in India for that purpose the department of consumer affairs had taken numerous initiatives and implementing them in an appreciable manner.

Multi media publicity campaign are being undertaken through print or electric Media by department of consumer affairs. Regarding new emerging area such as telecom, credit card, financial products, insurance etc, are under taken thought joint campaign or joint consultation with the concerned department.

Creating awareness through advertisement; advertisement is print and electronic Media print and electronic Media are considered to be the most common, powerful and preferred medium for Mass communication. As electronic Media is used by educated person so that awareness which can be reach easily. Realizing that more than 70% population under the age of 35years is using internet in big way, a major initiatives being taken to spread consumer awareness thought the internet.

Initiatives may provide more consumer education and awareness. Role of education institution should be increased. . Education institutions, therefore are expected to play a positive role in promoting consumer protection movement. There may be a different way to achieve the objective of consumer education about thier rights and interest. The aware to consumer is an asset to society. Various education institutions are expected to follow such as seminar, workshop, lectures, discussion, essay competition, quizzes etc. College Students and Financial Literacy: . In area of consumer protection movement in India. Individual effort should be improved the welfare of consumer remains in thier own hands consumer do not hesitate to seek information form authorities established for their welfare and to seek Justice is consumer court in nessasary. Role of government should also need to be extended now RBI has directed all schedule commercial Bank having more then 10 outlets to appoint an internal ombudsman so that customer complaint solved in bank level itself. RBI to reach there consumer problem solved this method as been appointed. Canara Bank to To improve there service plan to hire a social media agency as a part.

X. FINANCIAL EDUCATION

Financial education has evolved over the years and has become a focus area for researchers and policy makers across the world. Financial education importance with the development of variety of financial products, drastic changes in economy. The dream of making India a cashless or digital economy can not achieve without financial literacy. 76% of Indian adults are financially illitrate. So the fear and hesitation for using online banking or online transaction is more than fear should be vanish from mindset of people.

Initiatives to financial education taken by RBI in financial education plays very important role. Where RBI produced Many comics, handbook, booklets etc. Which is available in website that to in 13 languages so that the person who need to update with related information can download it and use. It is not only to public even person who working in banks or financial institutions they can also update themselves. Even RBI also organized Town Hall and outreach visits in which all the top executive takes part and information about economy, banking and RBI. Which is arranges by them, they visits school and college students to RBI to know and understand it's function. The Reserve Bank has undertaken a project titled 'Project Financial Literacy'. The objective of the project is to disseminate information regarding the central bank and general banking concepts to various target groups, such as school and college going children, women, rural and urban poor, defense personnel and senior citizens. It would be disseminated to the target audience with the help of banks, local government machinery, NGOs, schools, and colleges through presentations, pamphlets, brochures, films, as also through the Reserve Bank's website. The Reserve Bank has already created a link on its web site for the common person to give him/her the ease of access to financial information in English and Hindi, and 12 Indian regional languages. A financial education site was launched on November 14, 2007 commemorating the Children Mainly aimed at teaching basics of banking, finance and central banking to children in different age groups, the site will also eventually have information useful to other target groups, such as, women, rural and urban poor, defense personnel and senior citizens. The comic books format has been used to explain complexities of banking, finance and central banking in a simple and interesting way for children.

Initiatives taken by SEBI on financial education. The Securities exchange board of India has establishment ‘National Institute of Securities Market’ which introduced “School for Investor Education and Financial literacy” to boost financial skill in individuals. National Institute of Securities Market conducts financial literacy quizzes and pocket money financial literacy programmes in schools every year. Securities Exchange Board of Insituition has appointed Resources persons, who are trained and equipped with the knowledge of financial markets for conducting investor awareness programmes all over country. Visit SEBI Programme students form variors educational institutions are encouraged to visit SEBI and understand its operations. SEBI sets up SEBI helpline and scores [SEBI online complaint Redressal system] through which investors across the county could file complaints and get their grievances setteled. So for consumers its to solve there problems and get solution.

Insurance Regulatory and Development Authority has also taken a number of initiatives in this field. Awareness programmes have been organized regularly to convey about rights and duties of policy holders thought National strategy for financial education. IRDA's insurance awareness compaign "Bima Bemisaal" is the consumer education initiatives with the tagline "promoting Insurance protecting Insured which creates awareness about insurance among general public. Integrated Grievance Management system which facilitates registration of policy holders complaints and help them continuously track its progress.

National Center for Financial Education conducts national Financial literacy assessment test every year targeted towards students of classes 8th to 10th. This helps students to acquire financial knowledge during school days itself. NCFE is also conducting Financial Education Training Program for school teachers of class 8th to 10th in school. After completion of training, these teachers are certified as "Money Smart Teacher" and guiding financial education closes in school and inspire students to obtain basic financial skills. These are many initiatives taken by banks to education consumers.

XI. FINDINGS

1. The highly populated country like India. Protecting consumers and educating them by government in not so easy, lot of effort by government and by public is needed.
2. All information will be available in concerned banks website, number of journals, Articles and PDF so publics by their own can take a initiative to use it.
3. Some of Banks as Multi Media publicity campaign being held. Especially Canara Bank plans to hire a social media agency as a part of brand promotion and to reach customers in better way.
4. Presently RBI giving advertisement in television about not to share there opt or secret pin to others even they are friends or relatives. This type of awareness reach rural area.
5. As NISM connected Financial literacy program in school and Colleges it can give good results. This programs helps citizen to educated in school level itself.
6. Integrated Grievance Management System which facilitates the policy holders, complaints and help desk this helps consumers to enquiry regarding there policy.
7. RBI has directed all schedule commercial banks having more then 10 banking outlets to appoint an internal Ombudsman so that customer complaints solved in bank level itself.
8. As in banks the verification of documents from opening an account, each and every transaction lot of verification is been perform in banks. This helping to reduce fraud. Especially banks as taken more initiate that few customers ask bank to change if mobile number so bank strictly ask the account holder itself to visit bank for change of any personal details. Banks even follow bio- matric form and maintain all information. Transaction secrecy and code of ethics is followed by bankers.

XII. SUGGESTIONS

1. Consumers protection and financial Education plays important in India. Measures taken by banks that to awareness programmes can be conducted frequently.
2. Banks can conduct seminars, campaigns, conduct fair called "Mela" frequently. Presently bank conducts there programmes but with long interval.
3. Multi media publicly campaign can being held frequently. As Canara Bank as plan to hire a social media agency as a part of it's brand promotion and to reach customers, other Banks can also adopt this and reach large number of people.

4. NISM conduct Financial literacy programmes in School and collages it can give good results and more number of schools this programme can be contacted even in rural areas, the outcome of this program with be still better.
5. Rural area citizen can be make aware of advertisement in television and radio. Even to make awareness banks can create small group of people to aware the rural citizen.
6. Even though bank send number of beware messages not to share any password or opt to others, few do it: The remedy is to education customers again and again even Sending messages in local languages can reach consumers.

XIII. CONCLUSION

Indian Banking systems as traditional Banking practices from Britishers period till now. After Liberalization, Privatization and Globlization the privatization of bank are more and technology as revolution in working style of banks. The consumer financial protection Act identify and explain the standards which is applicable in banks. Consumers education and awareness support consumers to understand banking systems and facility provided by bank. These awareness tells consumers what all services as been provided to reach consumers. Financial education importance with the development of variety of financial products as drastic changes in economy. Initiatives by RBI, SEBI, Schedule banks have been taken. They providing all information to possible extent. Main aim of India is to convert economy into cash less and digital economy Financial Education is important.

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