

Most Immediate

F.No.11/58/2011-BO.II
Government of India
Department of Financial Services

3rd Floor, Jeevan Deep Building,
Parliament Street, New Delhi
Dated the 30th September, 2011

To

The Chairman, State Bank of India
CMDs of all Nationalised Banks and IDBI Bank Ltd.
MDs of Associate Banks of SBI

Subject: - Cross-selling of products by banks – instructions regarding.

Sir,

To supplement their non-interest income, the banks cross-sell multiple products including products offered by insurance companies, mutual funds, etc. The Reserve Bank of India guidelines prohibits the banks to adopt coercive methods or other unfair means to market or sell these products to their customers. However, instances have been brought to the notice of the Government that the branches / officers of the banks continue to adopt unfair and barred practices / tactics for cross-selling of products. This has been viewed seriously. Such practices are exploitative in nature, violative of rights of the customers and carry an inherent risk for the reputation of the institution.

2. CEOs of all Public Sector Banks are requested to kindly issued appropriate instructions to all field formations / branches and officers **NOT** to indulge in such practices. The instructions should also provide that in case of violation of these instructions, the Branch Manager and the Controlling Officer of the branch will also be held responsible in addition to the concerned official of the bank. A copy of the instructions so issued may also be sent to this office at the earliest.

3. The instructions, so issued, should be followed in '*letter and spirit*'.

4. This has the approval of Secretary (FS).

5. Kindly acknowledge the receipt of this communication.

Yours faithfully,

(D. D. Maheshwari)

Under Secretary to the Government of India
Tel.No.011-23748750

Copy to: -

- 1. Deputy Governor (DBOD), Reserve Bank of India, Mumbai with the request that appropriate instructions with in-built safeguards may be issued to all banks including the Private Sector and Foreign Banks, in this regard.**
- 2. Chief Executive, Indian Banks' Association, Mumbai with the request that this may be disseminated among all Member Banks and their constituents.**