Financial Awareness Messages (FAME)

FIDD, Central Office

Financial Inclusion and Development Department, RBI

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Preface

Financial Literacy

Financial Literacy is defined as a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.

Components of Financial Literacy

Financial literacy encompasses aspects of knowledge, attitude and behaviour covering a range of context such as money management, planning for short and long term financial goals and awareness and choice of financial products.

Financial Knowledge	Financial Behaviour	Financial Attitude
Financial Knowledge involves understanding of key financial concepts and ability to evaluate benefit in real life financial situations. The concept of simple interest, compound interest, time value of money, inflation, diversification, division, risk-return and interest paid on loan are a few indicators to determine the financial knowledge of an individual.	**Financial Behaviour** involves study of day-to-day money management, financial planning, spending, savings, investment, reliance on credit to meet daily requirement and building a safety net for future well-being.	**Financial Attitude** can be said to determine people's response towards savings, prioritization of short-term wants over long-term security, inclination towards risk, et al. for future well-being.

Preface

The National Strategy on Financial Education (NSFE) 2020-2025 intends to support the Vision of the Government of India and Financial Sector Regulators by empowering various sections of the population to develop adequate knowledge, skills, attitude and behaviour which are needed to manage their money better and plan for their future. The Strategy recommends adoption of a Multi-Stakeholder Approach to achieve financial well-being of all Indians. It recommends adoption of a **'5 C' approach** for dissemination of financial education through emphasis on development of relevant **Content** (including Curriculum in schools, colleges and training establishments), developing **Capacity** among the intermediaries involved in providing financial services, leveraging on the positive effect of **Community** led model for financial literacy through appropriate **Communication** Strategy, and lastly, enhancing **Collaboration** among various stakeholders.

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Financial Awareness Messages (FAME)

BASIC BANKING

Financial Inclusion and Development Department, RBI

Message 1

Budgeting, Saving and Responsible Borrowing

BUDGETING

What is a budget?

Put simply, it is a plan of your **future** income and expenses. Budgets can be yearly, monthly or even weekly.

Why prepare a budget at all?

With a budget in hand, you will be able to control your expenses better and save more. Comparing the budget with the actual expenditure will show where you spent more (or less).

The ultimate aim of a budget is to help plan your finances.

SAVING

What is Saving?

It would be a good approach to view Saving as follows:

Saving = Income - Expenditure ✗

Expenditure = Income - Saving ✓

> You should set aside a portion of your income BEFORE you spend anything.

Where to Save?

The three important things that one must keep in mind while Saving are **Safety, Liquidity** and **Return**.

Safety will depend on how certain/guaranteed return of your principal amount or investment from a particular asset are. Government Bonds are the safest. Bank Fixed Deposits are also considered comparatively safe.

Liquidity will depend on how easy it is to sell an asset with minimum loss in value. Bank Deposits, listed and traded Equity Shares and Mutual Funds are considered comparatively more liquid.

Return will be dependent on the type of financial product and the risk that product carries with it.

Equity share may give you more returns but may carry higher risk of loss.

Points to be kept in mind when saving

- Make sure that your savings are invested in diversified instruments (refer message 11 on Diversification at page no. 20)
- Some portion should be in liquid assets so that you can withdraw money when needed
- Do not put your money in instruments that are very risky/ unregulated, you may lose all of it!!!

RESPONSIBLE BORROWING

One should borrow to invest in assets that create value or generate returns. Examples of good borrowing are mortgage loans to buy a house, education loan for funding children's higher education etc.

To invest in property ✓

To fund education ✓

For personal expenditure ✗

Using credit card irresponsibly to fund expenses ✗

Whom to borrow from?

Borrowing from regulated entities like banks, NBFCs and HFCs is a good practice as these entities are regularly supervised, are more transparent, do not overcharge like moneylenders and, in case of any regulatory non-compliance or deficiency in service, provide a cost-free system for grievance redressal, both internally and with the regulator.

In the name of facilitating loan, you may be getting duped

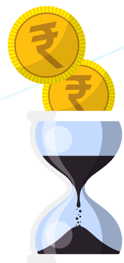
Beware of Agents who offer to assist in getting loan for a fee. Deal directly with bank/NBFC/HFC or Business Correspondent (BC)

In an era where digital lending apps promise quick and easy access to funds, it is important for customer to adopt responsible borrowing behaviour. One should understand one's financial needs, assess repayment capabilities and choose a legitimate lending option to safeguard oneself from pitfalls of high interest rates and hidden charges.

Message 2 { Deposit Accounts }

Passive vs. Active Savings

Money in regular Savings Bank accounts fetches very low rates of interest, hence can be termed passive savings.



Instead, invest in Recurring/ Fixed Deposits of banks that fetch better returns.

Other good practices:

- Taking a passbook/statement of account & checking entries periodically
- Keeping cheque-book (if taken) in safe custody
- Not sharing Internet Banking (if availed) ID & password with anyone
- Not sharing debit card (if obtained) PIN with anyone
- Not sharing OTPs (one time passwords) received for carrying out on-line transactions with anyone

What is nomination and why nominate?

A nominee is the person who is entitled to receive the money lying in the bank account (as a trustee of the legal heir/s of the deceased depositor) after the death of the depositor in single account and death of all depositors in case of a joint account. Nomination helps in quick settlement of claims and reduces hardship for surviving family members.

“*Always fill up the nomination form when you open a bank deposit account. Approach your bank to update your nomination details, when needed, and obtain acknowledgment*”

Premature Withdrawal

Fixed Deposits are normally for a particular / specified period of time. If you want to withdraw the amount before the end of the period, then the bank will charge a penalty for pre-mature withdrawal.

“*Always opt for premature withdrawal mandate, anytime during the tenure of term deposits (with joint account holders), for hassle free claim settlement*”

In the event of death of the depositor, premature withdrawal would not attract any penal charge.

Message 3 { Credit Scores }

What exactly is a Credit Score?

- Credit Score (a three digit number) indicates a borrower's creditworthiness and is typically based on his/her credit history and other factors
- It is given along with Credit Information Report issued by a Credit Information Company
- Credit Score would be higher in case the borrower has always repaid loans taken from banks/financial institutions on time

Higher the score, the more creditworthy and more responsible the borrower is considered.

Why is Credit Score important?

- Banks / Financial institutions ascertain/check your credit score and credit history, along with other factors, while sanctioning your loans
- All other things remaining the same, a borrower with a higher credit score will usually be able to borrow at a lower rate of interest

Free Annual Credit Report to Individuals: Individuals have access to their one free full credit report (FFCR) including credit score, once a calendar year. Information on the procedure to access FFCR is available on websites of respective credit information companies (CICs).

Correction of inaccuracy in the Credit Information Report (CIR): In case of any inaccuracy in CIR, a borrower may request the CIC/ credit institution (banks/ NBFCs, etc.) to correct/ update his/ her CIR. If the complaint remains unaddressed for more than thirty days or the borrower is not satisfied with the resolution, complainant may approach the RBI - Ombudsman by filing a complaint on https://cms.rbi.org.in

So the question is, how can you improve your Credit Score?

- Borrow only within your means; i.e,. only so much as you can repay regularly & on time
- Make sure you do not miss any repayment instalment
- Repay loan earlier if you can as it creates good credit history

Message 4 New Categories of Banks and Business Correspondents

In recent years, other than conventional banks, certain other categories of banks have come into existence like Payments Banks and Small Finance Banks. Key objective of setting up of both types of banks is to promote greater financial inclusion through a secured, technology driven environment.

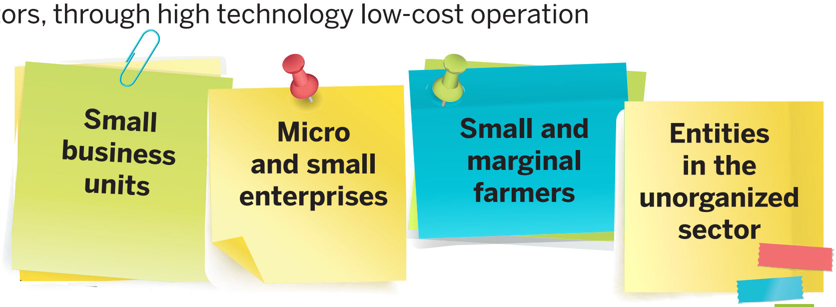
Payments Banks

- Can hold demand deposits from public up to ₹2 lakh per customer but cannot accept recurring/fixed deposit
- Can issue ATM/Debit Cards but not Credit Cards
- Cannot give any loans and advances

They can also offer payments and remittance services through various channels and distribute mutual funds and insurance products.

Small Finance Banks

Small Finance Banks provide savings vehicle primarily to unserved and underserved sections of the population and extend small ticket loans (Atleast 50% of SFB's loan portfolio has to constitute loans and advances up to ₹25 lakh) to small business units, micro and small enterprises, small and marginal farmers, entities in the unorganised sectors, through high technology low-cost operation



Business Correspondents (BCs)

A BC is a representative (or an agent) of a bank who goes to customers (usually in remote locations/villages) to help them with their banking needs /transactions.

A BC can provide you with the following services:

- Help in opening a bank account
- Deposit & withdraw money
- Transfer money into & from your account
- Collection of loan applications
- Disbursal of small value credit

NOTE

You can

- Approach the nearest bank branch to know about availability of a BC in your locality
- Confirm the name and details of the BC from your bank, in case of any doubt
- You can also access **https://www.bcregistry.org.in** to find a BC near you
- Lodge a complaint with your bank if you are not satisfied with the services of a BC

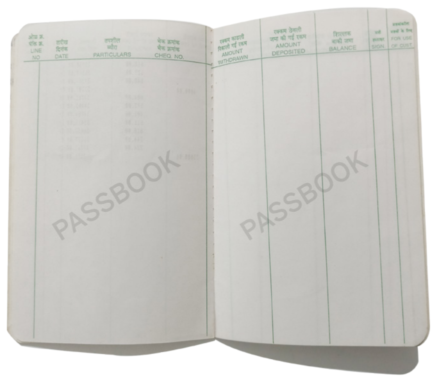
Message 5 { Inoperative Accounts }

What is an Inoperative Account?

A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.

Why 'inoperative accounts' have been segregated from other accounts?

Inoperative accounts are segregated from other accounts to reduce the risk of frauds and to bring to the attention of dealing bank staff the increased risk in the account.



Whether mandate for crediting interest on Fixed Deposit and/or dividend on shares is treated as a customer induced transaction?

Yes. It is treated as a customer induced transaction.

What is the process for activating an inoperative account?

- Banks have been advised to make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of V-CIP being provided by the bank. The customers can accordingly approach the nearest bank branch concerned.
- The banks have to activate the inoperative account within three working days adhering to the KYC guidelines prescribed by RBI such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.

- The banks are also required to automatically intimate the inoperative account/ unclaimed deposit holders though SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed.

Are there any charges for activation of inoperative account?

There are no charges for activation of inoperative account.

Whether interest is paid on inoperative savings bank account?

Interest on savings bank accounts is credited on regular basis irrespective of whether the account is operative or not. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured fixed deposit, whichever is lower.

Whether the information on inoperative accounts is available on bank's website?

Banks have to display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on their respective websites. A search facility is also provided by banks to members of public to search the list of accounts by name of the account holder. The customers can also use the search facility provided by RBI on UDGAM portal (https://udgam.rbi.org.in/unclaimed-deposits/#/login) for searching their unclaimed deposits transferred by banks to RBI's Depositor Education and Awareness (DEA) Fund. This search facility is presently available for 30 banks as listed here (https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=56498).

Financial Awareness Messages (FAME)

FINANCIAL COMPETENCIES

Financial Inclusion and Development Department, RBI

Message 6 { Interest on Loan }

You take a Loan of ₹ 100 from the bank for 1 year

And the bank says you have to pay 10% Simple Interest* per year

It means at the end of the year you have to pay back the ₹ 100 (loan amount) PLUS **₹ 10 (Simple Interest*)** i.e. ₹ 110 in total.

Simple Interest* calculation

$$\left(\text{₹}100 \times \frac{10}{100}\right) \times 1 = \text{₹}10$$

i.e

$$I = \left(P \times \frac{r}{100}\right) \times n \quad \text{where}$$

P = principal; I = interest; r = rate of interest and n = no. of years

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But BE AWARE!!!

- **Always** read the terms and conditions of the loan sanction letter as they may vary between institutions
- **Always** read the fine print, some institutions may say they charge 2% (per month in small print), but the actual rate works out to 24% per year
- **Always** annualise interest rates to know the real rate and the impact it has on your finances!

**Banks do not offer simple interest rate loan*

Message 7 { Compounding }

Compounding is also called 'Interest on Interest'. In compounding, the benefit is that the interest earned is added to the principal and re-invested, therefore earning interest on the principal PLUS interest!

And when this compounding takes place over a long duration, the return become much higher compared to simple interest*!

An example to explain this:

YEAR 1	
Principal	₹ 10,000
Interest @10% (compounded yearly)	₹ 1,000
Amount at the end of Year 1	₹ 11,000
YEAR 2	
Interest @10% (compounded yearly) on ₹ 11,000 (i.e. original Principal ₹ 10,000 + Interest of ₹ 1000)	₹ 1,100
Amount at the end of Year 2	₹ 12,100
YEAR 3	
Interest @10% (compounded yearly) on ₹ 12,100 (the Amount at the end of Year 2)	₹ 1,210
Amount at the end of Year 3	₹ 13,310

Formula for Compounding

$$A = P \times \left(1 + \frac{r}{n}\right)^{n \times t}$$

where A = Amount; P= Principal; r = Interest rate (Decimal);
n = no. of times compounded in one year; t = time period in years

**Banks do not offer simple interest rate loan*

The power of compounding

₹10,000 earning Simple Interest* of 10% when invested for 10 years will become ₹20,000.

BUT with 10% interest compounded quarterly, it will become ₹26,851

[= 10000 *(1+((10/100)/4)))^4*10

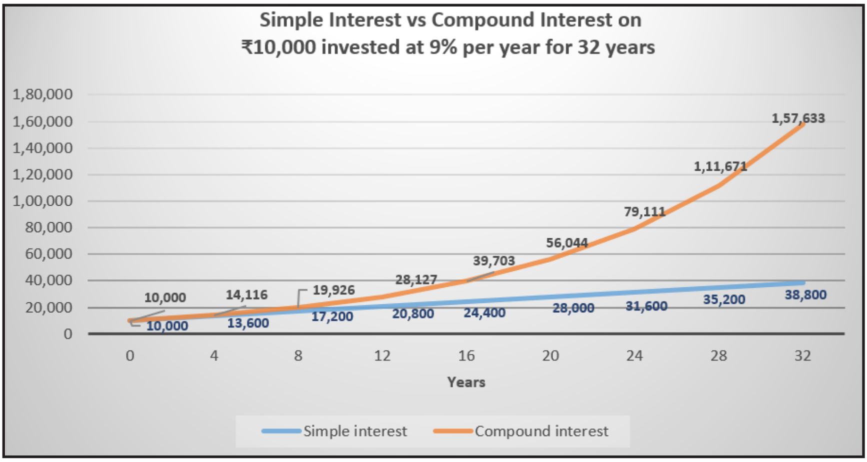
= 10000 * 2.6851

= 26,851]

Therefore, Compounding earns ₹ 6,851, or 34% more!!!

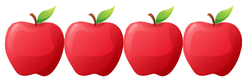
REMEMBER

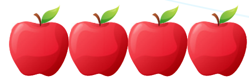
In the long term, huge benefits can accrue from compounding if the money is allowed to remain invested!



*Banks do not offer simple interest rate loan

Message 8 { Inflation }





2023
Say you get 1 kg apples for ₹ 100

2024
The same 1 kg now costs ₹ 110

INFLATION in 1 Year

Inflation = ₹ 110 – ₹ 100 = ₹ 10

Or

(10/100)*100 = 10%

So, inflation is the rate of increase in prices of goods and services over a period of time. This increases the cost of living.

Consider the following scenarios

SCENARIO 1
Money deposited at 6% per annum

Return – 6%
Inflation – 4%

Real Rate of Return :
Return% - Infl. % = 6% - 4% = 2% i.e
POSITIVE RETURN

SCENARIO 2
Money not deposited and held in cash

Return – 0%
Inflation – 4%

Real Rate of Return :
Return% - Infl. % = 0% - 4% = - 4% i.e.
NEGATIVE RETURN
Money held in cash lost value by 4% because inflation was 4%.

From the above, you can understand how important it is to invest in the right financial products that give returns at least higher than inflation!

Message 9 { Time Value of Money }

The time value of money (TVM) is the concept that money available now is worth more than the same amount of money available in the future due to its potential earning capacity, provided the rate of interest is positive. ₹ 100 today may not be equivalent to ₹ 100 to be received after two years.

Consider the following scenarios assuming an interest rate/discount **rate of 10%**

The value of ₹ 100 invested at say 10% interest, compounded yearly, will become ₹ 121 in 2 years. This is called **FUTURE VALUE** of the current cash flow.

Conversely, in the same scenario, receiving ₹ 121 after 2 years is equal to receiving ₹ 100 today. This is called the **PRESENT VALUE** of the future cash flow. The Present Value of ₹ 121 receivable after 2 years is ₹ 100 today.

Thus, we see that money has a **'Time Value'.**

REMEMBER

If money is not invested wisely, it can lose value due to inflation.

If the return on an investment of ₹ 100 is say 5% and inflation rate is 7%, then the real return is (-2%)! Money has lost value to the extent of ₹ 2.

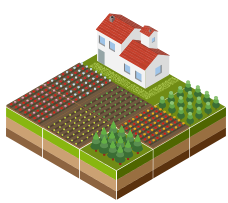
Hence, to compensate for inflation and other factors, financial institutions pay interest if you deposit money, and charge interest if you borrow money. Hence, it is essential to save and invest in appropriate financial products to earn a rate of return above the rate of inflation to preserve the future value of money.

Message 10 { Risk vs. Return }

Any investment entails a certain degree of risk.

Generally, there is a direct correlation between risk and return. The higher the expected return, the higher the risk (including the possibility of losing the initial investment as well).

And lower the return, lower the risk as well.



The basic investment principle to be kept in mind while investing or saving in financial products is the **risk vs. return trade-off.** High expected returns may entail higher risk and the possibility of potential losses.

Invest your money wisely!

Beware! High and quick return schemes could be risky. Do not chase returns without understanding the risks!

Thoroughly check the background and performance of the entity offering the scheme. Read the terms and conditions carefully.

Do your study and due diligence before being lured by 'Too Good To Be True' schemes of unknown entities!!!

Visit www.sachet.rbi.org.in to report information or register complaint against any entity which has defaulted in repayment of deposits or money collected under any scheme.

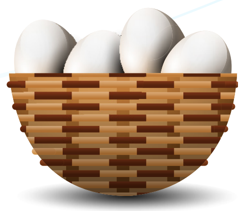
RBI Kehta Hai and RBISAY

RBI has launched a mass media public awareness campaign (SMS, Electronic and Print Media, Facebook and Twitter) to educate the public about financial literacy and consumer protection messages.

For the SMS campaign, the RBI sends messages from **'RBISAY'** ID. For more details, call **14440**.

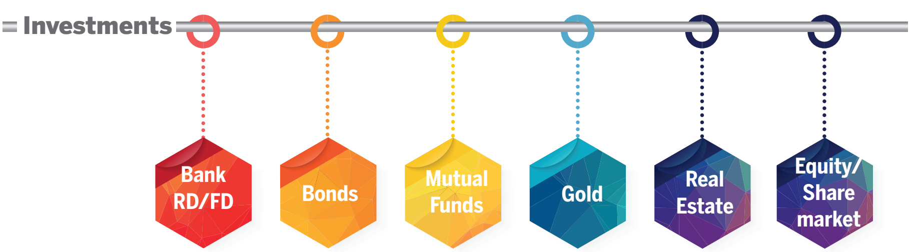
Message 11 { Diversification }

We all know the age-old saying



Do not put all your eggs in one basket.

Diversification is the process of investing your money in different assets.



Why Diversify

The reason one should diversify by investing in different assets is to protect oneself from loss arising from fall in value of any one or more assets. As the returns of the different assets may not fall together, a fall in the price of one asset may be compensated by a rise in the price of another asset thereby safeguarding one's investments from losses.

Financial Awareness Messages (FAME)

DIGITAL FINANCIAL LITERACY

Financial Inclusion and Development Department, RBI

Message 12 { Retail Remittances }

NEFT, RTGS and IMPS are the most popular remittance channels offered by banks to transfer money. They can be availed at the bank branch or through online channels like Internet banking, mobile banking etc. offered by your bank

Here's a graphic that explains the three channels:

Features	NEFT	RTGS	IMPS
Time taken to transfer	Within an hour	Immediately	Immediately
Working hours for customer transactions	24/7- Round the clock even on weekends and bank holidays	24/7- Round the clock even on weekends and bank holidays	24/7- Round the clock even on weekends and bank holidays
Minimum amount required	No minimum amount	₹ 2 Lakhs	No minimum amount
Maximum amount that can be transferred	Any Amount	Any Amount	₹ 5 lakhs

Message 13 { Unified Payments Interface }

Unified Payments Interface or UPI is a platform that allows transfer of money between two bank accounts using a smartphone which has access to the internet. You can use the BHIM app or any of the banks' app or any third-party app for facilitating UPI transactions.

How does it work

Requirements:

You need a bank account, a mobile number linked to that bank account, and a smartphone with internet connection. To facilitate feature phone users to avail benefits of UPI, UPI123Pay was launched with 4 options, viz., App based functionality, Missed Call, IVR, Proximity Sound based payments. Debit card linked to the account is required one time for setting-up UPI on mobile phone. UPI can also be linked to RuPay Credit Cards.

How to activate UPI

- Download the App on your smartphone and link bank account and create a UPI PIN by following the instructions given in the App
- Use of UPI: Using your UPI Pin, you can transfer funds seamlessly to any beneficiary by just knowing the beneficiary's virtual address or UPI number.
- If the beneficiary doesn't have a virtual address or UPI number, the option of transferring funds to the beneficiary through IFSC and bank account is also available

What are the benefits of UPI

- Can send and receive money instantly
- Can transfer money 24/7, 365 days even on holidays and Sundays using a smartphone
- Use of virtual id makes it easy to transfer money and obviates the need to share sensitive bank account information

Remember the following **'Dos and Don'ts'** with respect to UPI

Dos

- Keep UPI App updated
- Always review the merchant/person's collect request before accepting it
- Recheck and re-confirm the amount and beneficiary before effecting the transfer

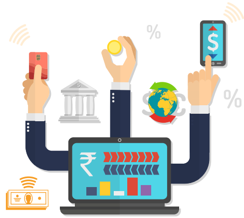
Don'ts

- Never share your PIN with anyone
- Refrain from transferring money without verifying/ reconfirming the recipient first

Message 14

Dos and Don'ts for Electronic Banking Transactions

ONLINE AND MOBILE BANKING



Dos

- Always type your bank's URL using only verified and trusted browsers and HTTPS secured websites for payments (S stands for Secure). Look for secure sign (lock) in the URL window (image)
- Make your passwords difficult to guess, by using alphanumeric and special characters (#, *, @, $ etc.)
- Ensure that you change your password frequently
- Always keep your payment transaction Apps (banks, non-banks, Wallets etc) updated with the latest version
- Link your mobile number and email ID with your bank account and opt for SMS/e-mail alert service
- In case of any unusual/unauthorised transaction, inform the bank immediately

Don'ts

- Never access your bank's website through online search.
- Never store login credentials on phone, also don't enter/store credentials on untrusted portals/service providers
- Avoid transacting through public devices, cyber cafes and on unsecured/open networks like public/free WiFis
- Never share your mobile banking PIN or Internet banking ID, password and OTP with anyone (including bank staff)

Message 15

Dos and Don'ts for ATM Transactions

Contact your bank immediately to block the Card if it gets lost or stolen or if you feel it has been compromised.

Note the following **Dos and Don'ts** for ATM transactions

Dos

- Ensure that you use only EMV Chip and PIN based Debit Card instead of card with a magnetic strip (Approach your bank for replacing the magnetic strip card)
- Ensure that there are no unauthorized cameras or other skimming devices near ATMs when you key-in your PIN or swipe your cards
- Make sure no one sees the PIN when it is being entered at the ATM. It is a good practice to cover the keypad with one hand and use the other hand to key-in your PIN
- Remember to count and check the notes dispensed
- Remember to collect your card after the transaction is over
- Register your phone number with card issuing bank to get alerts on ATM transactions
- Contact your bank immediately to block the card if it gets lost or stolen or if you feel it has been compromised

Note:
If you have any complaint related to a failed ATM transaction, bring it to the notice of the Card issuing bank immediately. Banks are required to resolve failed ATM transaction within T+5 days, else pay compensation to you @ ₹ 100 per day

Don'ts

- Do not share your ATM card details (card no., expiry date and CVV etc.) and PIN with anyone
- Never leave the Card in the ATM
- Never share your OTP with anyone
- Never write your PIN on the Card

Message 16 Customer Liability for Fraudulent (Digital) Transactions

When doing any electronic/ATM transaction, there is a possibility that you may incur a loss due to carelessness or fraud

Notify your bank

- Irrespective of whose fault it is, notify your bank immediately if you encounter a fraudulent or unauthorized electronic banking transaction in your account/ Card
- The longer you take to notify the bank, higher is the loss to you or your bank

Bank's responsibility

If the fraudulent transactions continue even after you have informed the bank, the bank will have to bear the loss

- Your bank has to provide an acknowledgement for the complaint when you notify/inform the bank
- The bank must resolve your complaint within 90 days
- Bank shall credit the amount involved to the customer's account within 10 working days from the date of such notification by customer

Limited Liability

- If loss is due to negligence of the customer (sharing password etc.) then customer will bear the loss till the bank is informed
  - If there is no negligence of the customer, and the customer informs the bank immediately (within 3 working days of the unauthorized transaction), there is no liability of the customer
  - In case of negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer), there is no liability of the customer.
  - In case of third party breach where the deficiency lies in the system and not with the customer or the bank and the customer informs the bank immediately (within 3 working days of the unauthorized transaction), there is no liability of the customer.

In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned below, whichever is lower.

Type of Account	Maximum Liability
● BSBD Accounts	₹5000/-
● All other SB accounts ● Pre-paid Payment Instruments and Gift Cards ● Current/Cash Credit/Overdraft Accounts of MSMEs ● Current Accounts/Cash Credit/Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/limit up to Rs.25 lakh ● Credit cards with limit up to Rs.5 lakh	₹10000/-
● All other Current/Cash Credit/Overdraft Accounts ● Credit cards with limit above Rs.5 lakh	₹25000/-

BEWARE!

If the fraudulent transaction is due to your negligence, that is, because of sharing your password, PIN, OTP, etc., you will bear the loss till you report to the bank.

REMEMBER

Keep your bank's contact details handy to report fraudulent transactions immediately.

Financial Awareness Messages (FAME)

CONSUMER PROTECTION

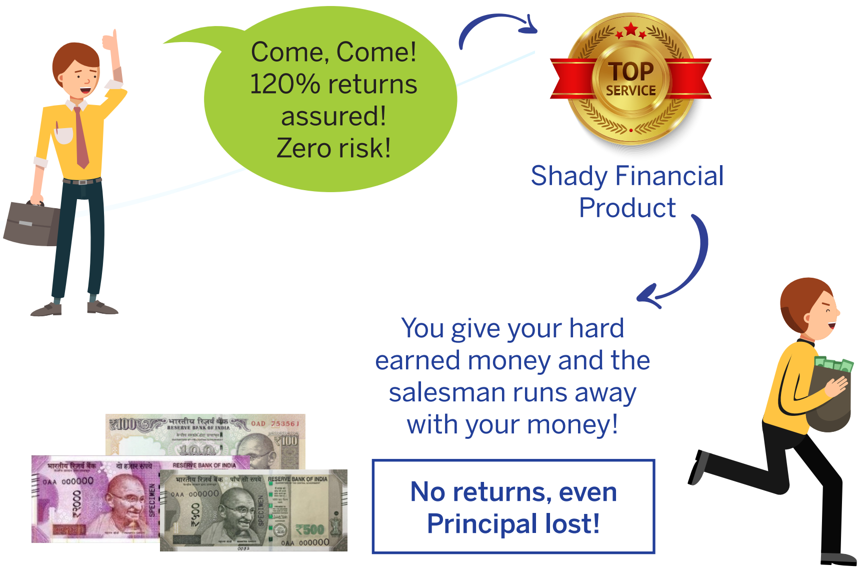
Financial Inclusion and Development Department, RBI

Message 17 { Mis-selling }

REMEMBER

- It is a good practice to not combine savings with insurance. Assess your insurance needs and investment requirements separately
- Take an insurance policy or investment product only if you need it! The bank cannot force you to take one!
- Read the application forms well before signing. Avoid putting your signature on blank forms
- If the bank has sold you a product which you did not ask for, or did not explain the important terms/clauses, do not hesitate to lodge a complaint with the bank, and if you are not satisfied with the bank's response, a complaint can be made to the RBI Ombudsman, either in writing or on the Complaint Management System of RBI (refer to Message 21 and 22)
- Banks are required to display Ombudsman details in their branches

Message 18 { Sachet Portal }



So what can you do?

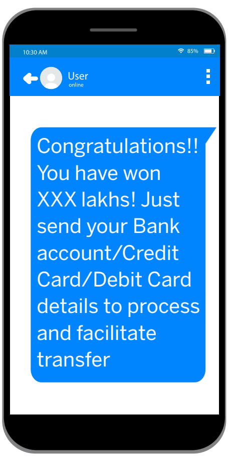
- Invest with or deposit only with entities registered with or regulated by RBI, SEBI, IRDAI, PFRDA or Government
- Do not be lured by schemes promising very high returns; they could be fraudulent schemes
- Do not take loans from entities offering loans at a rate lower than rate charged by the banks. They may just collect the processing fees and vanish!

Visit **www.sachet.rbi.org.in** to report information or complaint against any entity which has defaulted in repayment of deposits or money collected under any scheme

Message 19 {Too good to be True?}

As they say

'There is no free lunch'. If someone is promising free money or a lottery prize ticket which you never bought, then you must PAUSE and THINK - Why? Is it too good to be true?



Do not fall prey to all this! Remember that:

- RBI/banks never ask for your bank account/credit card/debit card details; PIN and OTP etc. through email/SMS or phone calls
- RBI neither opens savings account/current account/fixed deposit of individuals nor offers credit/debit card or engages in any transaction with any individual

Beware of fictitious offers.

Never provide your account related details to anyone

RBI Kehta Hai and RBISAY

RBI has launched a mass media public awareness campaign (SMS, Electronic and Print Media, Facebook and Twitter) to educate the public about financial literacy and consumer protection messages.

For the SMS campaign, the RBI sends messages from **'RBISAY'** ID. For more details, call **14440**.

Message 20 { Deposit Insurance }

Are the deposits in banks safe?

Yes, up to the limit insured, the deposits are safe. Your deposits are insured by Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of the RBI.

Which banks are covered?

Commercial banks viz. Private Sector banks, Public Sector Banks, Foreign Banks in India, Local Area Banks, Small Finance Banks, Payment Banks, Regional Rural Banks and cooperative banks viz. State Cooperative Banks, District Central Cooperative Banks and Urban Cooperative Banks, which are registered with DICGC are insured. Obtaining deposit insurance cover is mandatory for all banks licensed by RBI.

Which deposits are covered?

DICGC insures all types of deposits (e.g., Savings, Fixed, Recurring, etc.) with an insured bank but does not include deposits received from a Foreign Government, the Central Government, a State Government, or another bank or any deposit received outside India. Each depositor in a bank is insured upto a maximum of ₹ 5 lakh for both principal and interest amount held by him in the ''same right and same capacity''.

Do I need to pay premium for this insurance?

You do not have to pay any premium. However, the DICGC charges a nominal premium from the banks. Unlike other bank fees, this premium is not charged to you.

What do I need to do?

- As a depositor of a bank, you could check whether your bank is included in the list of banks insured by DICGC.
- You must also comply with all the KYC requirements for account opening and furnish complete information to the deposit taking bank so that claim settlement by DICGC, if at all required, is done without delay.

What will happen to my deposits if the bank is liquidated by RBI?

If a bank goes into liquidation, DICGC is liable to pay to each depositor, through the liquidator, total amount of his deposit amount (in the same capacity and in the same right) as on the date of deregistration of the bank upto a maximum limit of ₹ 5 lakh.

What will happen to my deposits if my bank is placed under "All Inclusive Directions" (AID) by RBI?

Once an insured bank is placed under "All Inclusive Directions" (AID) by the Reserve Bank of India, with restrictions on withdrawal of deposits, DICGC is liable to pay to each depositor, total amount of his deposit amount (in the same capacity and in the same right) as on the date of issue of direction/ prohibition to the bank upto a maximum limit of ₹ 5 lakh.

The depositors of such banks are advised to contact the respective bank officials, submit the form on willingness including alternate bank details and other necessary documents immediately, to enable the banks concerned to submit to the DICGC the list of depositors' claims, up to the insured amount of ₹ 5 lakh before the cut-off date given to the bank by DICGC, to discharge liability in terms of Section 18A of the DICGC Act, 1961 (as amended).

How will I know the status of my claim?

Depositors of liquidated banks and AID banks will receive an SMS intimation at each stage of claim settlement i.e., on receipt of claim and on sanction of claim.

Is DICGC active on any social media?

DICGC regularly posts public awareness messages and information regarding payment to depositors of AID banks on the 'Public App' by Inshorts for wider dissemination of information among the general public.

For more details, log on to DICGC's website

www.dicgc.org.in

Message 21 { Grievance Redressal Mechanism }

Grievance Redress Mechanism means a system for receiving and addressing complaints from customers with specific emphasis on resolving such complaints fairly and expeditiously. The Reserve Bank has also put in place an expeditious and cost-free Alternate Grievance Redress Mechanism for resolution of customer complaints relating to deficiencies in services rendered by its Regulated Entities (REs).

The AGR Framework of RBI comprises of RBI Ombudsmen (RBIOs), Consumer Education and Protection Cells (CEPCs) and Consumer Education and Protection Department (CEPD)

The RBIOs function under the framework of RB-IOS, 2021 (Reserve Bank – Integrated Ombudsman Scheme, 2021) and take up complaints against REs falling under the ambit of RB-IOS, 2021. The CEPCs take up complaints against REs not falling under the ambit of RB-IOS, 2021

Note !
The following entities are considered as REs of RBI under the Grievance Redress Mechanism:
- Banks
- Non-Banking Financial Companies (NBFCs)
- Payment System Participants (PSPs)
- Credit Information Companies (CICs)

When to approach the RBI Ombudsman?

For redress of grievance, the complainant must first approach the concerned RE. If the complaint lodged with the RE is not redressed / no reply is received within a period of 30 days, or, if the complainant is not satisfied with the reply given by the RE, the complainant can lodge the complaint with the RBI Ombudsman.

Note: The complaints pertaining to the REs not covered under the RB-IOS, 2021 are forwarded to CEPCs of RBI for resolution

! Always remember !

- **The complaint should contain all requisite details / information as mentioned in the Scheme.**
- **The complaint should have an attachment that complainant has approached the RE and not received satisfactory response.**
- **The complaint should not have been dealt with / pending with any other forum (like Courts) or already dealt with / settled earlier by the RBI Ombudsman.**

Where to lodge a complaint with RBI ?

Complaints can be lodged with the RBI Ombudsman / CEPC through following modes:

i) online at https://cms.rbi.org.in/; or

ii) letter / post to “Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector-17, Central Vista, Chandigarh-160017”.

Useful tip !

Lodging the complaint on the CMS portal online at https://cms.rbi.org.in/ provides instant acknowledgement and complaint number and also helps in its expeditious disposal by the RBI Ombudsman

Is there any charge or fee to be paid for filing a complaint with the RBI Ombudsman?

No. There is no charge or fee for a customer of the RE for filing or for resolving complaints under the RB-IOS, 2021. Further, complainants need not approach any third-party agency to file a complaint with RBI Ombudsman or pay any fee. Complainants can register their complaints by themselves or through an authorised representative through any of the modes above, free of cost. However, complaint cannot be filed through an advocate.

FOR MORE INFORMATION, PLEASE VISIT:

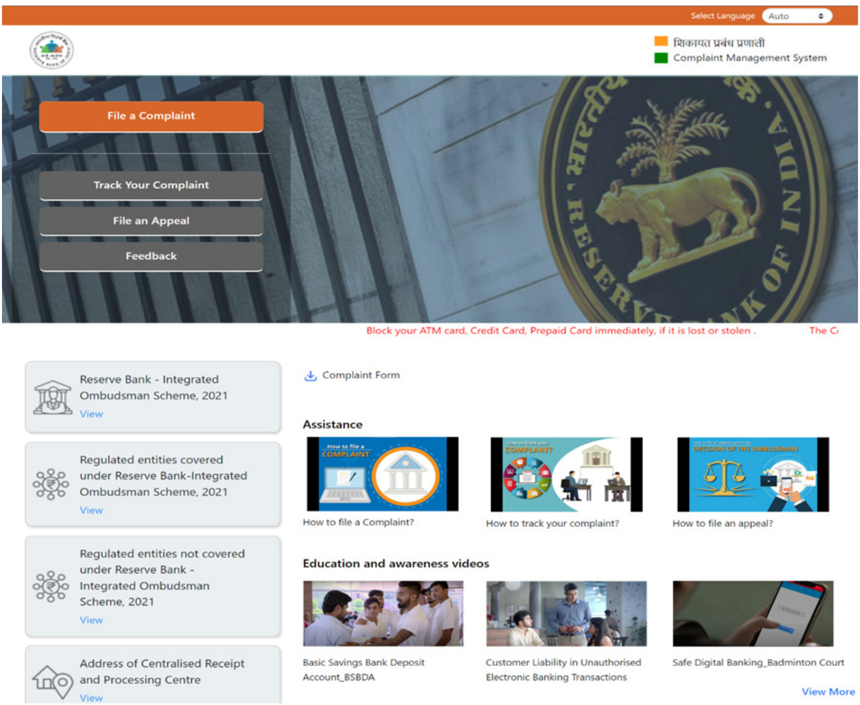
FAQs on RB- IOS, 2021 - https://www.rbi.org.in/scripts/FS_FAQs.aspx?fn=2745

or

CMS Portal **https://cms.rbi.org.in/**

Message 22 { Complaint Management System (CMS) of RBI }

Complainants can lodge their complaints against a Regulated Entity (RE) of RBI on the 24x7 online CMS portal at https://cms.rbi.org.in/ The portal also has latest videos and posters on the initiatives of the RBI for consumer awareness and protection.



What are the advantages / benefits of filing complaints online at CMS portal?

- Simplified and cost free method of filing the complaint
- Complaint can be filed on CMS portal from anywhere in the country
- Automatic acknowledgement to the complainant on registration of online complaint
- Facility for real-time tracking of the status of complaint

- Facility for online submission of additional documents
- Facility for online and voluntary feedback submission by the complainant regarding redress provided by RBI.

How to know more about lodging a complaint with RBI?

- Any person can approach the Contact Centre of RBI, by contacting the toll-free number 14448, for information / clarification on the grievance redress mechanism of RBI and to seek guidance in filing of a complaint / track the status of complaint.
- The Contact Centre facility is available through Reserve Bank staff on all working days from 8:00 am to 10:00 pm in Hindi and English and from 9:30 am to 5:15 pm in ten regional languages (Assamese, Bengali, Gujarati, Kannada, Malayalam, Marathi, Odia, Punjabi, Tamil and Telugu). It is also available 24x7x365 through Interactive Voice Response System (IVRS) facility.

Can the complaints with the RBI Ombudsmen under RB-IOS, 2021 be filed through Contact Center?

No, complaints cannot be filed through Contact Center, but the Contact Centre can assist the complainant in filing the complaint through CMS portal or physical mode. It will also provide clarifications about / details of the AGR mechanism set up by RBI.

Message 23 — Relief from Calamities / आपदा से राहत

Climate Change has emerged as a grave threat to the livelihoods of millions and crores of Indians staying in vulnerable areas across the country and it is affecting the repayment capacity of borrowers who are taking loans for their livelihood purposes. Fear not, as Reserve Bank of India's guidelines on relief measures in areas affected by natural calamities are here to help you:

How it Works:

- Central or State Government notifies a natural calamity in your state/district
- State Level Bankers' Committee (SLBC) or District Consultative Committee (DCC) convenes a meeting to announce relief measures for borrowers in the sectors of agriculture or allied activities, rural artisans, traders, MSMEs etc.
- If your source of income has been affected by the natural calamity, you may approach your Financial Institution (Bank/NBFC/Co-operative Banks) to seek relief in the form of restructuring or recasting of existing loan or sanctioning of fresh loans.
- Your loans will get restructured with benefits of moratorium period, enhanced repayment period, relaxed KYC norms and interest subvention benefits, wherever applicable.
- You may ask, what if calamity strikes again? Not to worry, as these relief measures will be applicable in case of successive natural calamities as well.

Financial Awareness Messages (FAME)

EDUCATIONAL NUGGETS

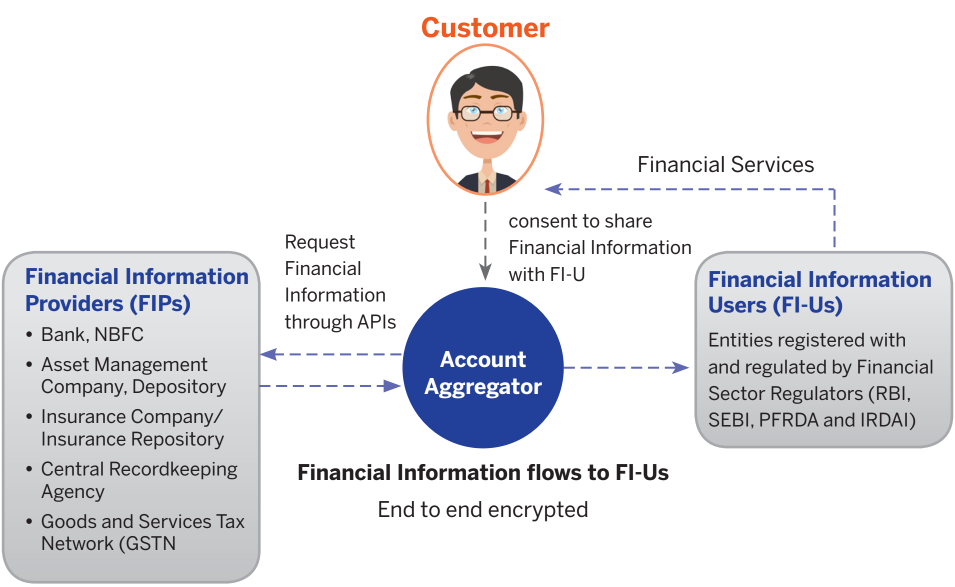
Financial Inclusion and Development Department, RBI

Message 24 { Account Aggregator (AA) }

It provides details of your financial asset information in real time

- You can share your financial information through an Account Aggregator in a secured manner as it does not see or store your financial information
- Account Aggregators will share information with lending banks and NBFCs only on receiving clear instructions from you.
- This can substantially reduce the time for loan processing.
- Depositors can leverage their digitally transmitted information on financial assets to avail financial services, viz, lending, credit monitoring, wealth management from Financial Information Users as also undertake personal finance management, reconciliation etc., in a fast, secure and hassle-free manner.
- Further, the AA framework has immense potential for small borrowers especially MSMEs because of inclusion of GSTN under AA framework for cash flow-based lending.

Account Aggregator framework



Message 25 { Digital Lending Apps }

Digital Lending Apps (DLAs) are applications on your phone or computer that make it easy to get a loan online. These apps can be from regulated entities, viz., banks and NBFCs or Lending Service Providers (LSPs) engaged by REs, for extending any credit facilitation services, in conformity with extant outsourcing guidelines issued by the Reserve Bank. DLAs typically work by using technology to automate the loan application and disbursal process on behalf of banks and NBFCs. You can apply for a loan through your smartphone, and the app will use digital tools to check your information and process the loan.

Identify Legitimate Apps

Before using any digital lending app, you can check whether the app is associated/ has outsourcing arrangement with an RBI regulated bank/ NBFC by logging onto their (bank/NBFC) website. Further, you should avoid downloading any apps received as links over SMS or social media channels.

- **Reporting of Suspicious Apps**

  Any suspicious loan app, whether on any app store or received through SMS/ social media link should be reported to law enforcement agencies.

- **Understanding the financial impact of loan**
  Before taking a digital loan, you must carefully assess the total cost of the loan in the form of Annual Percentage Rate and other related terms and conditions displayed in the Key Fact Statement.
- **Read loan related documents carefully**
  You should read various loan related documents like Key Fact Statement (KFS), sanction letter, privacy policies of lenders/ LSPs, etc. carefully. Further, you should ensure that the documents are digitally signed and on the letterhead of the bank/NBFC.
- **Protect your Data**
  Please read the privacy policy documents and data storage policies of the digital lenders carefully and thoroughly check the permissions required by the app before installing it.
- **Grievance Redressal Mechanism**
  In case of any grievance related to digital lending, the nodal Grievance Redressal Officer of the banks/NBFCs or the LSP engaged by them can be contacted. The details of such nodal Grievance Redressal Officer are available on the website of banks/NBFCs, website of LSP and on the digital lending apps. Further, in case the complaint is not satisfactorily resolved by the bank/NBFC within a period of 30 days, one can lodge a complaint over the Complaint Management System (CMS) portal under the Reserve Bank-Integrated Ombudsman Scheme (RB-IOS).

Message 26

MANI App - Empowering the visually impaired persons

- Visually impaired persons can identify the denomination of a currency note by downloading the MANI App.
- The App identifies denominations of Mahatma Gandhi Series and Mahatma Gandhi (New) series banknotes by audio notification in Hindi, English, 11 other languages (Assamese, Bengali, Gujarati, Kannada, Malayalam, Marathi, Oriya, Punjabi, Tamil, Telugu, Urdu) as well as in vibration mode.
- After downloading, internet is not required, and the app works in offline mode.
- The App is available on both Android Play Store and iOS App Store without any charges/payment.
- The mobile application does not authenticate the note as genuine or counterfeit.

Message 27 Exchange of Soiled/ Mutilated/ Defective Notes

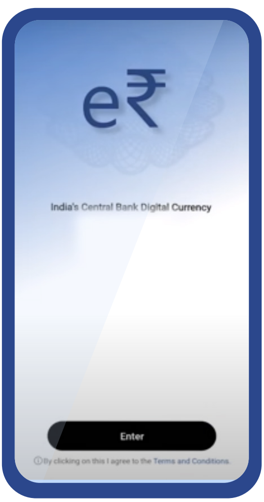
- Soiled, Torn, Damaged, Mutilated or Defective currency notes can be exchanged at bank branches over the counter. [Currency notes are exchanged in terms of RBI Note Refund Rules, 2009 (as amended in 2018)].
- If bank branch refuses to exchange such notes, lodge complaint with the bank.
- If the complaint remains unresolved for a month, you can complain to RBI Ombudsman.

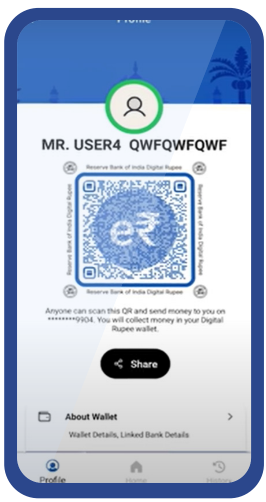
Message 28 { Dispel misleading information about coins }

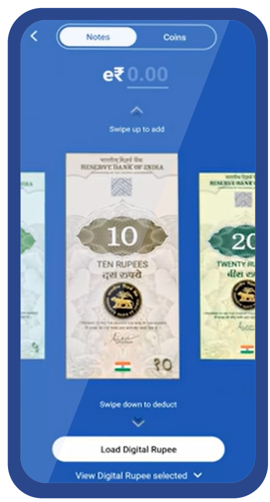
- Coins of different denomination remain in circulation at the same time as coins have a long life.
- All banks have been instructed to accept coins in transaction and exchange them at all their branches.

Message 29 { Digital Rupee }

- Digital Rupee is a legal tender just like physical currency.
- Using Digital Rupee wallet you do not need to carry physical currency in your wallet but you can make payment to any person or merchant having a Digital Rupee wallet.
- Digital Rupee is interoperable with UPI which means that you can make payment to any merchant by scanning their UPI QR code.
- You can load and redeem Digital Rupee to your bank account easily.
- Download the Digital Rupee App of any of the pilot banks from Android or App store and register to start transacting.







Message 30 { UDGAM portal }

The deposits remaining unclaimed for 10 years in a bank are transferred to the "Depositor Education and Awareness" (DEA) Fund maintained by the Reserve Bank of India. RBI has been taking various measures to ensure that newer deposits do not turn unclaimed and existing unclaimed deposits are returned to the rightful owners or beneficiaries after following due procedure. Banks are required to display the list of unclaimed deposits on their respective websites. In order to improve and widen the access of depositors / beneficiaries to such data, RBI has developed a centralised web portal to enable users to search their unclaimed deposits across multiple banks based on user inputs.

The search portal is named उद्गम UDGAM (short for **U**nclaimed **D**eposits – **G**ateway to **A**ccess infor**M**ation) (www.udgam.rbi.org.in) and was launched for public use by Hon'ble Governor on August 17, 2023. As on date, the search facility for 30 banks is available on the portal.

The users can access the portal by registering themselves and search for unclaimed deposits by providing user inputs. Upon a successful search, the users may download / print the result containing the Unclaimed Deposits Reference Number (UDRN) and visit the branch of respective bank to claim or reactivate the account. The information on how to claim or reactivate the account is also provided in the form of hyperlink against that particular bank on the search result display page.

Notes

Financial Inclusion and Development Department
Reserve Bank of India
10th Floor, Central Office
Mumbai 400001, INDIA