

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO.3262

TO BE ANSWERED ON 18TH DECEMBER, 2015/AGRAHAYANA 27, 1937(SAKA)

Outsourcing of jobs in Banks

3262: SHRI M.B. RAJESH

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether the Public Sector Banks (PSBs) are considering to outsourcing of work to ease the work load of banks, if so, the details thereof along with the details of contract employees working in banks till date, bank-wise;
- (b) whether the Reserve Bank of India has instructed banks not to engage in outsourcing of banking activities that would result in their internal control, business conduct or reputation being compromised;
- (c) if so, the details thereof; and
- (d) the steps taken by the Government in this regard?

ANSWER

The Minister of State in the Ministry of Finance
(Shri Jayant Sinha)

(a) to (c): The Reserve Bank of India (RBI) had issued guidelines in 2006 on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks'. These guidelines, inter-alia, stipulate that the Banks should not outsource their core management functions including internal audit, compliance functions and decision-making functions like determining compliance with Know-Your-Customer(KYC) norms for opening deposit accounts, according sanction of loans and management of investment portfolios. Accordingly, Public Sector Banks (PSBs) are outsourcing certain non-core activities.

(d): No steps are required as the outsourcing is only for non-core activities.
