

LECTURES ON BANKING LAW -

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CUSTOMER OF THE BANK -

A customer is one who is accustomed to frequent a certain place of business. According to Black's Law Dictionary, a customer is a person who regularly or repeatedly makes purchases of, or has business dealings with, a tradesman or business. In *Central Bank of India Ltd, Bombay v. V. Gopinathan Nair and Others* AIR 1970 Kerala 74, it has been held that a customer is one who has an account with a banker or for whom a banker habitually undertakes to act as such. Thus, neither the number of transactions nor the period during which business has been conducted between the parties is material in determining whether or not a person is customer. It may be concluded that a person can be said to be a customer if the following conditions are satisfied -

1. Duration not of Essence- The duration of dealings is not of essence. Even a single transaction can constitute a customer. As soon as the banker accepts money from any person on the footing that he will honour his cheques up to the amount standing to his credit, the person becomes his customer.
2. Frequency of transactions- Although frequency of transactions is not essential to constitute a person as customer, still his position must be such that transactions are likely to become frequent.
3. Nature of dealings- He should have dealings with the bank in the nature of regular banking business i.e. the person should have some type of account with the bank- either deposit, current or loan account. A person having dealings with the bank only in respect of its utility services, viz., safe deposit, lockers, safety custody, remittances etc. does not constitute a customer.
4. Introduction Necessary- The banker must take due care to satisfy himself about the bonafides and respectability of the new customers. This is necessary to introduce the persons as customers for the purpose of protection of the banker.