

COMPENSATION POLICY 2018-19

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Abbreviations

Abbreviation	Description
ECS	Electronic Clearing Service
CTS	Cheque Truncation System
DSA	Direct Selling Agent
RTGS	Real Time Gross Settlement
NEFT	National Electronic Fund Transfer
NECS	National Electronic Clearing Service
BANCS	Bell Administrative Communications System
IO	Internal Ombudsman
OTP	One Time Password
PIN	Personal Identification Number
vbv	verified by visa
CNP	Card not Present
CP	Card Present
NPCI	National Payments Corporation of India
CPP	Compromise Point and Period
PPI	Pre-paid Payment Instruments
POS	Point of Sale
VBV/ MCSC	MasterCard Secure Code
CVV	Card Verification Value



Annexure-II

COMPENSATION POLICY 2018-19

1. Introduction:

The technology revolution in the payment and settlement system has caused qualitative changes in operational systems and processes. This in turn has enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the Bank's endeavour to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India guidelines to commercial banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered the Bank further scope to increase its efficiency for better performance.

2. Scope of the Policy:

This Compensation Policy of the Bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, compensation for unauthorized Electronic transactions under customer protection-Limited Liability of Customer etc. The policy is based on principles of transparency and fairness in the treatment of customers.

3. Objective of the Policy:

The objective of this Policy is to establish a system whereby the Bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the Bank or any act of omission or commission directly attributable to the Bank. By ensuring that the customer is compensated before he demands for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

4. Provisions of the Policy:

It is reiterated that the Policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the Bank which can be measured directly and as such the commitments under this Policy are without prejudice to any right the Bank will have in defending its position before any Forum duly constituted to adjudicate banker-customer disputes.

5. Unauthorized/Erroneous Debit

If the Bank has raised an unauthorized / erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position.

In the event the unauthorized/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable for payment of

interest on savings bank deposit or payment of additional interest to the bank in a loan account, the Bank will compensate the customer for such loss. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the Bank will compensate the customer to the extent of such financial losses.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the Bank shall arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party or where verifications are to be done at overseas centres, the Bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.

Erroneous transaction reported by customer in respect of credit card operations which require reference to a merchant establishment will be handled as per rules laid down by card association.

6. ECS direct debits/other debits to accounts

The Bank will undertake to carry out direct debit/ECS debit instructions of customers in time. In the event the bank fails to meet such commitments, customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/ failure to carry out the instructions.

The Bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the Bank. In the event the Bank levies any charge, the Bank will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer should also be compensated.

Where it is established that the Bank had issued and activated a credit card without written consent of the recipient, the Bank would not only reverse the charges immediately but also pay a penalty without demur to the recipient amounting to twice the value of charges reversed as per regulatory guidelines in this regard.

7. Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the Bank, the bank shall reverse the transaction and give value dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under Para 1 above. Such debits will be reversed within 2 working days of the customer intimating the transaction to the Bank.

8. Fraudulent collection of cheques under CTS

If a cheque presented under CTS is fraudulently collected in the account maintained with our Bank, the Bank will immediately make payment of the disputed amount to the drawee/paying bank on being informed of the fraudulent collection, after verifying the position. The payment in such cases will be made on a case-to-case basis with the approval of competent authority/Official in Central Office.

9. Foreign Exchange Services

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries, as the bank would not be able to ensure timely credit from overseas banks. It is the Bank's experience that time for collection of instruments drawn on banks in foreign countries differ from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. Bank, however, may consider upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. However, the Bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the Bank with its correspondent. Such compensation will be given for delays beyond one week from the date of credit to Nostro Account/ due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a) Interest for the delay in crediting proceeds as indicated in the Collection Policy of the Bank.
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

10. Payment of Interest for delayed Collection

As part of the compensation policy, the Bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period specified in Bank's cheque collection policy. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

Interest for delayed collection shall be paid at the following rates:

- a) Savings Bank rate for the period of delay beyond T+2 days in collection of local cheques.
- b) Savings Bank rate for the period of delay beyond T+6 days in collection of outstation cheques sent to Bank's own branches at other centers.
- c) In case of cheques sent to other bank branches for collection where delay is beyond T+10 days interest will be paid at the rate applicable to term deposit for the respective period or Savings Bank rate, whichever is higher.
- d) In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding interest rate mentioned above.
- e) In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extra ordinary delays, interest will be paid at the rate of 2% above the rate applicable to the loan account.

11. Compensation for loss of instrument in transit

The bank's compensation policy for financial loss suffered by the customers due to loss of instrument after it has been handed over to the bank for collection by the customer would also be as indicated in our collection policy. The same is extracted below for information:

11.1 Cheques / Instruments lost in transit / in clearing process or at paying bank's branch:

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying bank's branch, the Bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that he/she can inform the drawer to record stop payment and also take care that cheques, if any, issued by him / her are not dishonoured due to non-credit of the amount of the lost cheques / instruments. The Bank would provide all required reasonable assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the Compensation Policy of the Bank, the Bank will compensate the account holder in respect of instruments lost in transit in the following way:

- a) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (T+2/T+6/T+10 days as the case may be) interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- b) In addition, Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c) The Bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate instrument.

11.2. Fraudulent encashment of cheques lost in transit

In case cheques sent for collection by our Bank are lost in transit and later on fraudulently encashed by collecting/presenting through other banks, the Bank will make payment of the disputed amount to the original payee who has not received the credit, on being informed of the fraudulent collection, after verifying the position. The payment in such cases will be made on a case-to-case basis with the approval of competent authority in Central Office.

12. Issue of Duplicate Demand Draft and Compensation for delays:

Duplicate Draft will be issued within a fortnight from the receipt of such request from the purchaser thereof provided all the required documentation as per Bank's procedure in vogue is completed by the Customer.

For delay beyond the above stipulated period, interest at the rate applicable for fixed deposit of corresponding period will be paid as compensation to the customer for such delay.

It is clarified that the above instructions would be applicable only in cases where the request for duplicate demand draft is made by the purchaser or the beneficiary and would not be applicable in the case of draft endorsed to third parties.

13. Violation of the Code by Bank's agent

In the event of receipt of any complaint from the customer that the bank's representative / courier or DSA has engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customers, which the bank has

adopted voluntarily, the bank is committed to investigate the matter and endeavor to communicate the findings to the customer within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for, reasonable financial loss, if any, as contemplated under this policy.

14. Transaction of “at par instruments” of Co-operative Banks by Commercial Banks:

The RBI has expressed concern over the lack of transparency in the arrangement for payment of “at par” instruments of co-operative banks by commercial banks resulting in dishonour of such instruments when the remitter has already paid for the instruments. In this connection it is clarified that the Bank will not honour cheques drawn on current accounts maintained by other banks with it unless arrangements are made for funding cheques issued. Issuing bank should be responsible to compensate the cheque holder for non-payment/delayed payment of cheques in the absence of adequate funding arrangement.

15. Payment of penal interest for delays in credit/ return of RTGS/ NEFT/NECS/ECS transactions

The Bank will pay interest to its customers on account of delay in credit / return of RTGS/NEFT/NECS/ECS transactions. The interest will be paid at current RBI LAF Repo Rate plus two percent for the period of delay/till the date of refund as the case may be to the affected customers suo moto, without waiting for claim from customers.

16. Compensation decided by Banking Ombudsman / Internal Ombudsman (IO)

Bank will pay compensation as decided by the Banking Ombudsman /Internal Ombudsman (IO) in all cases referred to them.

17. Lenders liability; Commitment to borrowers

The Bank has adopted the principles of lenders liability. In terms of the guidelines for lenders liability, and the Code of Bank’s Commitment to Customers adopted by the Bank, the Bank would return to the borrowers all the securities/ documents/title deeds to mortgaged property within 15 days of repayment of all dues to the satisfaction of the Bank, provided the Bank has not exercised any lien thereon on account of any other dues to the party, agreed to or contracted. The bank will compensate the borrower for monetary loss suffered, if any, due to delay in return of the same.

In the event of loss of title deeds to mortgage property at the hands of the Bank the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount Rs.100/- per day beyond 15 days subject to maximum Rs.10,000/- or as may be decided by the Bank from time to time.

18. ATM Failure

It is mandatory for the Bank to reimburse the customer, the amount wrongfully debited on account of failed ATM within a maximum period of 7 working days from the receipt of the complaint. For any failure to re-credit the customer’s account within 7 working days from the date of receipt of the complaint, the Bank shall pay compensation of Rs.100/- per day to the aggrieved customer. This compensation shall

be credited to the customer's account automatically without any claim from the customer, on the same day when Bank affords the credit for the failed ATM transactions.

In respect of 'charge back' claims made by the customer (card holder) due to usage of cards at other Bank ATMs involving networks of our Bank and other Banks / Bank Groups such as Cash Tree, BANCS, State Bank Of India network arrangements/ any other arrangement existing and that made in future, process of verification shall be undertaken as per the arrangement amongst the member banks to settle the claims.

Any customer is entitled to receive such compensation for delay only if a complaint is lodged with the bank within 30 days of the date of the transaction. Details of charge back in case of ATM transaction by a customer of the bank when he uses other bank ATM may be included.

19. Fraudulent/unauthorized debits through alternate channels

Bank has put in place dynamic fraud prevention systems for various alternate channels viz. ATMs, Credit Cards, Debit Cards, Internet Banking etc.

Following safeguards are in place to reduce possibility of frauds:

- i. Our internet banking facility is supported by two factor authentication.
- ii. Beneficiary registration is necessary in case of fund transfer through internet banking.
- iii. Additional security features like generation of One Time Password (OTP) for transactions above threshold limit says Rs.25, 000/- are being introduced. SMS alerts on transactions are sent to registered mobile no. of customers.
- iv. Customers are cautioned so as to avoid fraudulent communications asking for User Id, Password, Card No., Account No. etc. through website as well as internet banking log-in page.
- v. While signature authentication is available in case of Visa/Master Cards, PIN validation is additional security feature of Rupay Cards.
- vi. All our debit and credit card transactions for online purchase (Card Not Present - CNP) are enabled with second factor of authentication verified by visa (vbv) for Visa cards and secured codes for Master card which is applicable for Indian Merchants.
- vii. Use of cards at ATM is protected by PIN which is not supposed to be divulged to anybody by the customer.
- viii. Lost Card Insurance cover is available from lodgment of complaint by customer.
- ix. 24 x 7 facility for immediate blocking of lost card is available through call centre.

19.1 Compensating the customer

The Bank would provide immediate compensation in respect of unauthorized transactions of debit/credit card arising due to clone cards or unauthorized transactions in 'card not present scenario'.

On the failed online transactions, the Bank through its Customer Care Unit would facilitate obtaining reimbursement of the amount expeditiously. However, as such reimbursements have to go through the process of merchant establishments/ payment aggregators; the Bank's commitment will be restricted to obtaining reimbursement. Compensation under the Policy will, however, not be available in case of compromise of password/security features by the customer.

19.2. Liability Shift on account of ATM cum Debit Card Cloning on our Bank's ATM

In case of fraudulent cash withdrawals through ATM cum Debit Cards which are cloned on our Bank's ATM, as per NPCI's guidelines liability shift can be fixed on acquirer banks and card issuer banks can stake claim for liability shift. Accordingly claims of other banks or other bank customers will be settled after examining the claims received and NPCI's affirmation about Compromise Point and Period (CPP). Such claims will be examined by Digital Banking Department. The payment in such cases will be made with the approval of Competent Authority in Controlling Offices/Central Office authorized to settle claims arising out of unauthorised/erroneous direct debits to customer's accounts given in Annexure-I of the Policy.

20. Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions

With the increased thrust on financial inclusion and customer protection and considering the recent surge in customer grievances relating to unauthorised transactions resulting in debits to their accounts/ cards, the criteria for determining the customer liability in these circumstances have been reviewed by RBI and the revised directions in this regard are set out below.

20.1. Electronic Banking Transactions:

Broadly, the electronic banking transactions can be divided into two categories:

- (i) Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions), Pre-paid Payment Instruments (PPI), and
- (ii) Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)
- (iii) Any other electronic modes of credit effected from one entity to another currently being used or adopted from time to time.

The policy excludes electronic banking transactions effected on account of error by a customer (e.g. NEFT carried out to an incorrect payee or for an incorrect amount), transactions done under duress, claims due to opportunity loss, reputation loss, other incidental costs or collateral damage.

20.2. Applicability:

a) This is applicable to entities that hold relationship with the bank viz.:

- i) Individual and non-individual customers who have account based relationship with bank i.e. who hold current/Overdraft/Cash Credit/Loan/Deposit or savings account.
- ii) Individual / non-individual entities that hold credit/Debit card and/or prepaid card.
- iii) Individual / non-individual entities that use other electronic platforms of the Bank like internet banking, net banking and wallet.

b) This is not applicable to:

- i. Non-Customer that use Bank's infrastructure e.g. ATMs, electronic wallet
- ii. Entities that are part of the ecosystem such as interchange organizations, Franchises, Intermediaries, Agencies, Service partners, Vendors, Merchants etc.

20.3. Terms & Explanations used in this policy:

- a. Real loss is defined as financial outgo from customer's account e.g. debit to customer's account or card.
- b. Card not present (CNP) transactions are defined as transactions that require use of Card information without card being physically used e.g. e-commerce transactions
- c. Card present (CP) transactions are defined as transactions that require use of physical card e.g. at ATM or shops (POS)
- d. Payment transactions are defined as transactions that involve transfer of funds from one account/ wallet to another electronically and do not require card information e.g. NEFT
- e. Unauthorised transaction is defined as debit to customer's account without customer's consent
- f. Consent includes authorization of a transaction debit either through standing instructions, as per accepted banking practice and regulation, based on account opening process and related matters or based on additional authentication required by the bank such as use of security passwords, input of dynamic password (OTP) or static VBV/ MCSC, challenge questions or use of Card details (CVV/ Expiry date) or any other electronic authentication option provided by the Bank.
- g. Date & time of reporting is defined as date & time on which customer has submitted a unique complaint. Date of receiving communication from the Bank, is excluded for purpose of computing number of working days for all action specified in this policy. The working schedule of the home branch would be considered for calculating working days for customer reporting. Time of reporting will be as per Indian Standard Time.
- h. Notification means an act of the customer reporting unauthorized electronic banking transaction to the bank
- i. Number of days will be computed based on working days
- j. Mode of reporting will be the channel through which customer complaint is received first time by the Bank, independent of multiple reporting of the same unauthorized transaction.
- k. Loss in foreign currency if any shall be converted to Indian currency for the purpose of this policy as per bank's policies on conversion at card rate net of commission..

20.4. Coverage under this policy for Electronic Banking Transactions:

Customer shall be compensated in line with this policy in case of loss occurring due to unauthorized transaction as follows:

20.5. Limited Liability of a Customer

20.5.(a) Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within

three working days of receiving the communication from the bank regarding the unauthorised transaction.

20.5.(b) Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) Customer shall bear the entire loss in cases where the loss is due to negligence by the customer, e.g. where the customer has shared payment credentials or Account/Transaction details, viz. Internet Banking user Id & PIN, Debit/Credit Card PIN/OTP or due to improper protection on customer devices like mobile / laptop/ desktop leading to malware / Trojan or Phishing / Vishing attack. This could also be due to SIM deactivation by the fraudster. Under such situations, the customer will bear the entire loss until the customer reports unauthorised transaction to the bank. Any loss occurring after reporting of unauthorised transaction shall be borne by the bank.
- (ii) In cases where the responsibility for the unauthorised 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 in Table 1, whichever is lower.

Table 1

Maximum Liability of a Customer in case of unauthorized Electronic Transaction where Responsibility is neither with the Bank nor with the customer but lies elsewhere in the system & customer has reported unauthorized transaction from the date of receiving the communication within working Days as mentioned below		
Type of Account	Within 3 (Three) working days	Within 4 to 7 working days
• BSBD Accounts	Zero Liability	5,000
• All other SB accounts	Zero Liability	10,000
• Pre-paid Payment Instruments and Gift Cards	Zero Liability	10,000
• Current/ Cash Credit/ Overdraft Accounts of MSMEs	Zero Liability	10,000
• 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	Zero Liability	10,000
• Credit cards with limit up to Rs.5 lakh	Zero Liability	10,000
• All other Current/ Cash Credit/ Overdraft Accounts	Zero Liability	25,000
• Credit cards with limit above Rs.5 lakh	Zero Liability	25,000

Any unauthorized electronic banking transaction reported after 7 working days from the date of receiving the communication will be treated as 100% customer liability.

20.5.(C) Third Party Breach

The following would be considered as Third party breach where deficiency lies neither with the Bank nor customer but elsewhere in the system:

- a) Application frauds
- b) Account takeover
- c) Skimming / cloning
- d) External frauds / compromise of other systems, for e.g. ATMs / mail servers etc. being compromised

Overall liability of the customer in third party breaches, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Table 2

Summary of Customer's Liability Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability (₹)
Within 3 working days	Zero liability to customer
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1 above, whichever is lower
Beyond 7 working days	100% customer liability.

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

20.5.(D) Reversal Timeline for Zero Liability/ Limited Liability of customer

- i. The Bank shall afford shadow credit to the customer account within 10 working days from the date of reporting in all cases as per above statements. Within 90 days of date of reporting, the Bank shall either establish customer negligence or provide final credit to customer. Customer will be given value dated credit (based on date of unauthorized transaction) when customer becomes eligible to be compensated. In case of debit card/ bank account, the customer shall not suffer loss of interest and in case of credit card; customer shall not bear any additional burden of interest for such credit.
- ii. The Bank may, at its discretion, agree to credit the customer even in case of an established negligence by the customer.
- iii. Customer would not be entitled to compensation of loss if any, in case customer does not agree to get the card hot listed or does not cooperate with the Bank by providing necessary documents including but not limited to police complaint and cardholder dispute form.
- iv. Compensation would be limited to real loss after deduction of reversals or recoveries received by the customer.

20.6. Roles & Responsibilities of the Bank:

- a) The Bank shall ensure that the Compensation policy is available on the Bank's website as well as at Bank's branches for the reference by customers. The Bank shall also ensure that existing customers are individually informed about the bank's policy.
- b) The Bank will regularly conduct awareness on carrying out safe electronic banking transactions to its customers and staff. Information of Safe Banking practices will be

made available through campaigns on any or all of the following - website, emails, ATMs, phone banking, net banking, mobile banking. Such information will include rights and obligation of the customers as well as non-disclosure of sensitive information e.g. password, PIN, OTP, date of birth, etc.

- c) The Bank shall communicate to its customers to mandatorily register for SMS alerts. The Bank will send SMS alerts to all valid registered mobile number for all debit electronic banking transactions. The Bank may also send alert by email where email Id has been registered with the Bank.
- d) The Bank will enable various modes for reporting of unauthorized transaction by customers. These may include SMS, email, website, toll free number, IVR, Phone Banking or through its branches. The Bank will also enable specific space on its home page where customers can report unauthorized electronic banking transaction.
- e) The Bank shall respond to customer's notification of unauthorized electronic banking transaction with acknowledgement specifying complaint number, date and time of transaction alert sent and date and time of receipt of customer's notification. On receipt of customer's notification, the Bank will take immediate steps to prevent further unauthorized electronic banking transactions in the account or card.
- f) The Bank shall ensure that all such complaints are resolved and liability of customer if any, established within a maximum of 90 days from the date of receipt of complaint, failing which, bank would pay compensation as described in Table 1 & 2 of this policy.
- g) During investigation, in case it is detected that the customer has falsely claimed or disputed a valid transactions, the bank reserves its right to take due preventive action of the same including closing the account or blocking card limits.
- h) The Bank may restrict customer from conducting electronic banking transaction including ATM transaction in case of non-availability of customer's mobile number.
- i) This policy should be read in conjunction with Grievance Redressal Policy of the Bank. Clauses from the Bank's Grievance Redressal Policy shall form a part of this policy where not specifically addressed in this policy.

20.7. Rights & Obligations of the Customer

- a) **Customer is entitled to**
 - i) SMS alerts on valid registered mobile number for all financial electronic debit transactions
 - ii) Email alerts where valid email Id is registered for alerts with the Bank
 - iii) Register complaint through multiple modes - as specified in point relating to Bank's roles & responsibilities
 - iv) Intimation at valid registered email/ mobile number with complaint number and date & time of complaint
 - v) Receive compensation in line with this policy document where applicable. This would include getting shadow credit within 10 working days from reporting date and final credit within 90 days of reporting date subject to customer fulfilling obligations detailed herein and with customer liability being limited as specified in Table 1 & 2 of this policy.

b) Customer is bound by following obligations with respect to banking activities:

- i) Customer shall mandatorily register valid mobile number with the Bank.
- ii) Customer shall regularly update his /her registered contact details as soon as such details are changed. Bank will only reach out to customer at the last known email/mobile number. Any failure of customer to update the Bank with changes shall be considered as customer negligence. Any unauthorized transaction arising out of this delay shall be treated as customer liability.
- iii) Customer should provide all necessary documentation - customer dispute form, proof of transaction success/ failure and should also file a police complaint and provide copy of the same to the Bank.
- iv) Customer should co-operate with the Bank's investigating authorities and provide all assistance.
- v) Customer must not share sensitive information (such as Debit/Credit Card details & PIN, CVV, Net Banking Id & password, OTP, transaction PIN, challenge questions) with any entity, including bank staff.
- vi) Customer must protect his/her device as per best practices specified on the Bank's website, including updation of latest antivirus software on the device (Device includes smart phone, feature phone, laptop, desktop and Tab)
- vii) Customer shall abide by the tips and safeguards mentioned on the Bank's website on Secured Banking.
- viii) Customer shall go through various instructions and awareness communication sent by the bank on secured banking.
- ix) Customer must set transaction limits to ensure minimized exposure.
- x) Customer must verify transaction details from time to time in his/her bank statement and/or credit card statement and raise query with the bank as soon as possible in case of any mismatch.

20.8. Notifying the Bank of the unauthorized transaction:

- a) Customer shall report unauthorized transaction to the Bank at the earliest, with basic details such as Account No/Customer ID and/ or Card number, date & time of transaction and amount of transaction.
- b) Customer shall follow bank's reporting process viz.
 - i. Notify/ report through SMS, email, website, toll free number, IVR, Phone Banking or through its branches. In case customer is unable to do so, customer could report through phone banking or at the nearest branch.
 - ii. Lodge police complaint and maintain copy of the same and furnish police complaint when sought by bank's authorised personnel.
- c) Customer shall authorise the bank to block the credit/ debit card/ net banking/ account(s) to reduce likelihood of additional loss.
- d) Customer to clearly specify the facilities to be blocked failing which the Bank reserves the right to block all electronic transactions of the customer to protect the customer's interest. Also, revoking these blocks would require explicit consent from customer for each facility.
- e) Customer shall share relevant documents as needed for investigation or insurance claim viz. cardholder dispute form, copy of passport in case of international transactions and police complaint.

- f) Fully co-operate and comply with Bank's reasonable requirements towards investigation and provide details of transaction, customer presence, etc.

20.9. Burden of Proof of customer liability:

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank. The Bank has a process of second factor authentication for electronic transactions, as regulated by the Reserve Bank of India. Bank has onus to prove that all logs / proofs / reports for confirming two factor authentication is available. Any unauthorised electronic banking transaction which has been processed post second factor authentication known only to the customer would be considered as sufficient proof of customer's involvement / consent in effecting the transaction.

20.10. Reporting and Monitoring:

Digital Banking Department shall report the customer liability cases to the Customer Service Committee of the Board every Quarter. The reporting shall, *inter alia*, include volume/ number of cases and the aggregate value involved and distribution across various categories of cases viz., card present transactions, card not present transactions, internet banking, mobile banking, ATM transactions, etc. The Standing Committee on Customer Service in the bank shall periodically review the unauthorised electronic banking transactions reported by customers or otherwise, as also the action taken thereon, the functioning of the grievance redress mechanism and take appropriate measures to improve the systems and procedures. All such transactions shall be reviewed by the bank's internal auditors.

21. Force Majeure

The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war, damage to the bank's facilities or of its correspondent bank(s), absence of the usual means of communication or all types of transportation, etc.) beyond the control of the bank, prevents it from performing its obligations within the specified service delivery parameters.

22. Validity & Review of the Policy

The policy shall be valid for the financial year 2018-19 and its continuity may be extended for a further period not exceeding three months with the specific approval of Managing Director & Chief Executive Officer. Any directive / guideline issued by RBI in this regard shall automatically be part of this policy, during the currency of this policy.

Annexure I

Delegated Authority

The delegated authority for settlement of claims arising out of unauthorised/ erroneous direct debits/fraudulent transaction made in customer's account is vested only with Senior/Top Executives functioning in Controlling Offices/Central Office. At present delegated authority for settlement of such claims is defined as follows:

(Amount `in lacs)

Delegated Authority	Claims arising out of unauthorised/ erroneous direct debits to customer's accounts	Claims arising out of frauds in payment of cheques under CTS where our bank is collecting banker/ Fraudulent encashment of cheques lost in transit
Asst. General Manager heading Regional Offices	1.00	NIL
Deputy General Manager heading Regional Offices	5.50	NIL
General Manager heading Regional Office/General Manager in charge of FGMO	7.50	NIL
Committee of General Managers at Central Office Level comprising of following General Managers: • General Manager(PBOD) • General Manager(DBD) • General Manager(RBMD) • General Manager(RABD) The quorum shall be minimum 3 General Managers	12.00	12.00
Executive Director	22.50	22.50
Managing Director & CEO	30.00	30.00
Board of Directors	Above 30.00	Above 30.00

Procedure for handling compensation claims:

In order to streamline the process and to ensure quick disposal of such cases following procedure will be adopted:

- i. Claims falling within the delegated authority of FGM/Regional Head will be settled at FGMO/Regional Office. If necessary, opinion of concerned department at Central Office may be obtained on technical issues relating to alternate channels to confirm perpetration of fraud.
- ii. Claims falling within the authority of delegates in Central Office will be referred to respective departments in Central Office as follows which will examine the case & place before the respective Competent Authority for consideration:
 - a. Claims relating alternate channels viz. ATM/Debit Card, Credit Card, net banking etc. will be examined by Digital Banking Department (DBD).

- b. Claims relating to third party products i.e. Insurance, Mutual Fund products will be examined by Wealth Management & Third Party Products Department.
 - c. Claims relating to Government Business transactions like PPF, pension etc. will be examined by Personal Banking & Operations Department in consultation with Government Business Cell, wherever necessary.
 - d. Other claims arising out of mistake or fault in the system will be examined by Personal Banking & Operations Division in consultation with Dept. of Information Technology, wherever necessary.
- iii. While referring any claim arising out of fraud, the Regional Office should confirm to the respective delegatee that the case is reported to Fraud Risk Management Dept. in prescribed format.

References:

1. Model Compensation policy of Indian Banks Association.
2. RBI/2017-18/15 DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 on Customer Protection - Limiting Liability of Customers in Unauthorised Electronic Banking Transactions.
3. RBI circular DBOD.Leg.BC.86/09.07.007/2001-02 dated April 8, 2002 regarding reversal of erroneous debits arising from fraudulent or other transactions.
4. RBI Master Circular DBR.No.FSD.BC.18/24.01.009/2015-16 dated July 1, 2015 on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit card issuing NBFCs.

* List of RBI guidelines/circulars, Bank's Policy or Circular referred for preparation of the Policy.