

Abbreviations

ATM	Automated Teller Machine
BSBD	Basic Savings Bank Deposit
CBS	Core Banking Solution
ECS	Electronic Clearing System
EEFC A/C	Exchange Earners' Foreign Currency A/C
FEDAI	Foreign Exchange Dealers Association of India
FEMA	Foreign Exchange Management Act
INB	Internet Banking
IOI	Inter Office Account
IRC	Inward Remittance Cell
IVR	Interactive Voice Response
MBS	Mobile Banking Services
MSME	Micro Small Medium Enterprises
NACH	National Automated Clearing House
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
RBI	Reserve bank of India
SMS	Short Messaging System

STATE BANK OF INDIA
COMPENSATION POLICY
(BANKING SERVICES)-2018

1. Preamble

Technological progress in payment and settlement systems and qualitative changes in operational systems and processes undertaken by various players in the market have improved efficiencies for providing better service to the users of the system. It has been the endeavor of the Bank to offer services to its customers with best possible utilization of its technology infrastructure. Migration of all branches to Core Banking Solution (CBS) platform is a great leap in this direction. Reserve Bank of India has also been issuing various instructions/guidelines, from time to time. With a view to improving the level of customer service available to the customers of the Bank, Limiting Liability of Customers in Unauthorised Electronic Banking Transactions in terms of RBI's recent Circular no. DBR. No. Leg.BC.78/09.07.005/2017-18 dated 06.07.2017, the Compensation Policy for the Bank has been formulated.

2. Objective

The objective of the "State Bank of India Compensation Policy for Banking Services, hereinafter called as the Policy, is to establish a system whereby the Bank compensates the customer for the loss or inconvenience due to deficiency in service on the part of the Bank or any act of omission or commission, directly attributable to the Bank.

3. Scope

- a) The Policy will be applicable for all banking services to customers of the Bank.
- b) The Policy is based on principles of transparency and fairness in the treatment of customers. It is designed to cover deficiency in service in areas relating to unauthorized/ erroneous debit, non-execution/delayed execution of debit/credit NEFT/NECS/ECS/NACH transactions including unauthorized **Electronic Banking Transactions**, issuance of ATM/Debit Cards without written consent of customers, Payment of Cheque after acknowledgement of Stop Payment Instructions/ Non-blocking of lost ATM card after acknowledgement of request for its blocking, delay in collection of local /outstation cheques and cheques drawn on foreign countries, adverse movement in exchange rates, loss of cheques/instruments in transit, delay in

settlement of disputed ATM transactions/transactions on Cash Deposit Machine, delay in pension payment, delay in issuance of duplicate IOI, delay in release of securities after payment of all dues, etc. as specified in the Policy.

- c) Grant of compensation under this Policy is without prejudice to the Bank's rights in defending its position before any Court of Law, Tribunal or any other forum duly constituted to adjudicate banker customer disputes and does not constitute admission of liability or any other issue, of any nature whatsoever, for the purposes of Adjudicatory proceedings.

4. Recognition of deficiency and compensation

4.1 Unauthorised / Erroneous Debit

- a) If the Bank has raised an unauthorised/ erroneous debit to an account, the entry shall be reversed with value dated credit to deposit/overdraft/loan account immediately on being detected/informed, after due verification.
- b) Further, if the customer has suffered any **financial** loss incidental to return of a cheque or not carrying out of direct debit instructions due to insufficiency of balance on account of the unauthorised / erroneous debit, Bank will compensate the customer to the extent of such financial loss in addition to an amount equivalent to interest calculated on the unauthorised/ erroneously debited amount at applicable Savings Bank rate, minimum Rs.100/-, besides refunding the cheque return charges.
- c) In case verification of the entry reported to be unauthorised /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. If it involves a third party or where verification is 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 unauthorised /erroneous transaction by the customer.
- d) In case any amount has been debited to the account of a customer on account of fraudulent transaction(s) **and the Bank is at fault** the amount will be restored to the affected customer account without delay/demur, once the fraud is established, with due verification.
- e) If a fraud, in the account of a customer, has been committed by a member of staff, and has been so established, Bank will not only restore the amount, it will also pay compensation @ 1% above the applicable interest

rate in respect of deposit/overdraft/loan account, for the period, on the amount involved.

4.2 ECS direct debits/other debits to accounts:

- a) The Bank undertakes to carry out, within the prescribed time, direct debit /ECS (Electronic Clearing System) debit instructions of customers. In the event of non-compliance/delayed compliance of instructions by the Bank to meet such commitments, the 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 instruction.
- b) Such compensation will **in addition to an amount** equivalent to the interest calculated on the amount to be debited, for the delayed period, at applicable Savings Bank rate, with minimum of Rs. 100/-, subject to a maximum of Rs. 1,000/-.
- c) 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 in violation of the arrangement or inadvertently, the Bank will reverse the charges, subject to scrutiny of agreed terms and conditions, and compensate the customer with a sum equal to the charges reversed.

4.3. Penal interest payable for delays in credit/return of NEFT/NECS/ECS transactions:

In terms of the NEFT / NECS / ECS Procedural Guidelines of RBI, as also the relevant circulars / instructions issued by RBI from time to time, the Bank will afford credit to beneficiary accounts or return transactions (uncredited for whatever reason) to the originating / sponsor Bank within the prescribed timeline. Any delays in doing so will attract the following penal provisions:

4.3.1. NECS / ECS-Credit:

Destination Bank would be held liable to pay penal interest at the current RBI Repo Rate plus two per cent from the due date of credit till the date of actual credit for any delayed credit to the beneficiary's account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged."

4.3.2. NEFT:

In case of delay in crediting the beneficiary customer's account or in returning the non-credited amount to the remitter in case of NEFT, the Bank to pay penal interest at the 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.

4.3.3. During the NEFT operating hours, originating Banks should endeavor to put through the requests for NEFT transactions received by them, either online or across the counters, preferably in the next available batch but, in any case, not exceeding two hours (from the business hours next day), from the time of receipt of the requests. In the likelihood of any delay / possible delay in adhering to this requirement, the originators / customers should be informed of the delay / possible delay and the reasons for the same.

4.3.4. In terms of the RBI ECS (Credit Clearing) procedural guidelines, which clearly stipulate that if a destination Bank branch is not in a position to credit a particular transaction for reasons like "Account Closed/ transferred"; "No such Accounts"; "Account description does not tally"; etc., it should report the same and forward it to the Service Branch/ Main Branch on the same settlement day.

4.4. Issue of ATM/Debit Cards without written consent of customers:

Where the Bank had issued an ATM / Debit card without written consent of the customer, which has been disputed by the customer without using the card, the said ATM/Debit card will be taken back by the Bank and cancelled. The Bank would not only reverse the charges, if levied, immediately but also pay compensation to the customer @Rs100/-.

4.5. Payment of Cheque after acknowledgement of Stop Payment Instructions/ Non-blocking of lost ATM card after acknowledgement of request for its blocking:

4.5.1. The instruction for Stop Payment of cheque/ blocking of lost ATM card will be accepted at Home Branch /through Contact centre/ Internet Banking (alternate channel).

4.5.2. In case a cheque has been paid after acknowledgement of its stop payment instruction /ATM Card has not been blocked after such a request has been acknowledged by the Bank, the Bank shall reverse the debit on account of

stopped cheque/ blocked ATM card with value dated credit within two working days of the customer intimating the transaction to the Bank, and also compensate the customer with Rs.100/-.

4.5.3. However, no compensation will be paid if cheque has been paid/ ATM Card transaction has occurred prior to acknowledgment of instructions for stop payment of cheque/ blocking of lost ATM Card.

4.6 Limiting Liability of Customers in Unauthorised Electronic banking transactions:

The systems and procedures in the Bank has been designed to make customer feel safe about carrying out electronic banking transactions. On receipt of report of an unauthorised transaction from the customer, bank to take immediate steps to prevent further unauthorised transactions in the account.

4.6.1 Reporting of unauthorised transactions by customers to banks:

- a) Customers will mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered.
- b) The customers will be advised to notify the Bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify the Bank, the higher will be the risk of loss to the bank/ customer. To facilitate this, the Bank will provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc.
- c) The Bank will also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers will not be required to search for a web page or an e-mail address to notify the objection, if any.
- d) Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions shall be provided by the Bank on home page of the website <https://www.bank.sbi> or [sbi.co.in](https://www.sbi.co.in).
- e) The loss/ fraud reporting system shall also ensure that immediate response (including auto response) is sent to the customers acknowledging the complaint along with the registered complaint number.

- f) The communication systems used by the Bank to send alerts and receive their responses thereto will record the time and date of the message sent and receipt of customer's response, if any, to the Bank. This shall be important in determining the extent of a customer's liability.
- g) The Bank will not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the Bank.
- h) On receipt of report of an unauthorised transaction from the customer, the Bank will take immediate steps to prevent further unauthorised transactions in the account.

4.6.2 **Limited Liability of a Customer:**

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 (by SMS alert, email or letter) regarding the unauthorised transaction.

b. Limited Liability of a Customer:

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

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the Bank. Any loss occurring after the reporting of the 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 under above paragraph 4.6.2.b (ii).

Type of Account	Maximum liability (₹)
<ul style="list-style-type: none">• BSBD Accounts	5,000
<ul style="list-style-type: none">• 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	10,000
<ul style="list-style-type: none">• All other Current/ Cash Credit/ Overdraft Accounts• Credit cards with limit above Rs.5 lakh	25,000

4.6.3 Overall liability of the customer in third party breaches, as detailed in paragraph 4.6.2.a (ii) and paragraph 4.6.2.b (ii) above, 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
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	Full liability.

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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.

Further, if the delay in reporting is beyond **seven working days**, the customer liability shall be full. For such inordinate delays (beyond seven working days) the Customer shall bear the full liability/ loss and the Bank will not bear any loss or liability. However, the Bank may extend its support (by issuing required certificates/ statements free of cost) to the Customer, if specifically requested by the Customer, without incurring any liability in any manner, for his efforts for recovering the lost amount from the miscreants.

4.6.4. Reversal Timeline for Zero Liability/ Limited Liability of customer

On being notified by the customer, the bank will credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer. The credit shall be value dated to be as of the date of the unauthorised transaction.

4.6.5 Further, banks will ensure that:

- a) a complaint is resolved and liability of the customer, if any, established within 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of paragraphs 4.6.2 to 4.6.4 above;
- b) where it is unable to resolve the complaint, or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs 4.6.2 to 4.6.4 is paid to the customer; and
- c) in case of debit card/ bank account, the customer does not suffer loss of interest.

4.7. Collection of Cheques drawn on foreign countries:

4.7.1 The Bank will not compensate the customer for delays in collection of cheques drawn on banks in 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 differs 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.

4.7.2. The Bank has a network of branches, linked branches and Global Link Services (GLS) Department. GLS uses services of different correspondent banks with large volumes, robust systems, suitable technology back up and country specific strengths to provide efficient service. Different Correspondent Banks are able to offer varied customized products to the Bank for risk reduction, quicker collection, improved reconciliation etc.

4.7.3. Time Frame for credit of proceeds of Foreign Currency Cheques:

The time for credit of proceeds of Foreign Currency Cheques to the customer's account will be 10 days from the date of credit to NOSTRO account, including cooling period. However, it will not be exceeding 45 days from the date of deposit of cheques/ instruments, except for the cheques/ instruments in Canadian Dollar (CAD) for 10000/- & above, where it will be 10 days from credit to NOSTRO account.

4.7.4. Delay in collection of cheques payable at foreign centres will be construed if the customer's account is not credited within 10 days i.e. after taking into account the prescribed cooling period for that currency, with the correspondent.

4.7.5. For the sake of uniformity and clarity, the date of Clear Credit is defined as the date on which clear funds are available in Bank's Nostro Account after an actual or notional cooling period – for actual credit to customers' account as per Bank's agreement with the concerned Correspondent Bank. Wherever there is no specific agreement on the cooling period or the funds are directly collected from a paying bank, the Clear Credit Date will be after observing a cooling period, as per the discretion of the Bank, for that specific currency/country/clearing system, from the date of actual credit to Bank's Nostro Account.

4.7.6. The compensation on account of delay in collection of instruments in foreign currency will be paid in Indian Rupee, as detailed below:

a) At Savings Bank rate from the date of clear credit to Nostro Account till the date of payment if the period of delay is beyond prescribed collection period. For example:

Date of NOSTRO A/C credit	01.08.2017
Add 15 days cooling period	16.08.2017

To be paid within 10 days	26.08.2017 (No delay)
Delayed interest payment, if proceeds are not credited within 26.08.2017. The date of delay will be counted from the date NOSTRO a/c credited to the date of credit to the account (excluding credit date) i.e. payment after 26 th Aug., will entitle payment of interest from 1 st Aug., 2017 till the date of payment upto 45 days from 26 th Aug., 2017.	

- b) In case of abnormal delay, i.e. delay exceeding 45 days, interest will be paid at term deposit rate applicable for the period and for delays beyond 90 days, 2% above the applicable term deposit rate.

In the above example delay exceeding 45 days (beyond 26/08/17) will be, if not paid till 10th Oct., 2017.

Delay/ Abnormal delay	Delayed interest @
>45 days to 90 days	TDR rate.
>90 days	2 % above TDR rate.

- c) In the event of the proceeds of cheque under collection being required to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan account, if the delay is less than 45 days. For abnormal delays, i.e. beyond 45 days, interest will be paid at the rate of 2 % above the applicable interest rate to the loan account.
- d) Such interest shall be payable with a minimum of Rs. 25/-.
- e) Compensation as detailed above shall be paid without any formal demand from customers.
- f) No separate compensation is payable by the Bank on account of movement in the value of the respective currencies.

4.8. Compensation for adverse movement in exchange rates:

4.8.1. FEDAI Rules – 7.1 Edition effective from 1st July, provide for compensation for delayed collection of export bills, for delayed payment of outward remittances etc.

4.8.2. On the assumption that the customer has complied with FEMA guidelines and Bank's requirements, the following Compensation guidelines are prescribed:

a) Payment to Exporter:

In case of delay beyond the date when the Forex amount is due for credit, compensation is payable for adverse movement of exchange rate. The compensation will be decided as follows:

- (i) In case the rate ruling on the date of payment is better for the customer compared to the rate that was ruling on the day the amount was due for credit, no compensation needs to be paid.
- (ii) In case the rate ruling on the date of payment is adverse for the customer compared to the rate that was ruling on the day the amount was due for credit, compensation shall be determined as 50 % of the difference between the two rates.

Note: If the exporter has expressed willingness to keep part of the proceeds in EEFC A/c, no compensation would be payable for the amount not converted.

b) Payment of foreign inward remittances:

All remittances upto USD 5000/- or equivalent meant for retail customer (i.e. individuals) are to be converted at the prevailing Card Rates and credited to their respective account immediately. However, for the convenience of the customer, the facility may be extended upto USD 10,000 or equivalent. Since Inward Remittance Cell (IRC) at Global Market Unit (GMU) Kolkata will put through conversion transactions upto USD 10,000 or equivalent and as per FEDAI guidelines customer consent is required for remittances above USD 5000 equivalent, there may be occasions where the customer might require the remittances proceeds in Foreign Currency (FC). In such cases, IRC will facilitate re-conversion at level rate within 07 days from the date of transaction(s) as and when requested by the Branch on behalf of customer. Compensation would be payable:

- (i) If the remittance is not converted within 10 days of receipt of remittance advice from abroad and
- (ii) There is an adverse movement of exchange rate between the date of payment and the last due date.
- (iii) The quantum of compensation would be determined as 50 % of the difference between the rates ruling on those dates (i.e. on the due date of payment and the date of conversion).

4.9. Collection of cheques payable in India

4.9.1. Payment of Interest for delayed Collection of Outstation Cheques:

As part of the compensation policy of the bank, the bank will pay interest to its customers 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, which is as under:

	<u>SBI</u> <u>Branches</u>	<u>Branches of</u> <u>other Banks</u>
a) Collections between Metropolitan Centres/ Major 'A' Class Cities (Mumbai, Chennai, Kolkata, New Delhi, Ahmedabad, Bangalore & Hyderabad)	6 days	7 days
b) Collections between places at (a) above and State Capitals (other than North Eastern States & Sikkim) and Area I Cities, i.e. Pune, Nagpur, Kanpur, Surat, Visakhapatnam, Vadodara, Kochi, Indore, Ludhiana, Coimbatore, Agra, Madurai and Varanasi	8 days	10 days
c) Collections between all other Centres	10 days	14 days

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

- a) For collection of Cheques drawn on SBI, Saving Bank rate for the period of delay beyond 6/8 days 4.9.1 (a) & (b) and 10 days for 4.9.1 (c), (interest will be payable) from 7th/9th day for the centres (a)& (b) and 11th day for the centre (c).
- b) Saving Bank rate for the period of delay beyond 7/10/14 days, as the case may be, in collection of outstation cheques drawn on other banks, i.e. [the interest will be payable] from 8th /11th /15th day.
- c) Where the period of delay is beyond 14 days, interest will be paid at the rate applicable for term deposit for the corresponding period or Saving 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 Term Deposit rate.
- e) In the event of the proceeds of cheque under collection to be credited to an overdraft / loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays, i.e. delays

exceeding 90 days, interest will be paid at the rate of 2% above the rate applicable to the loan account.

4.9.3. Interest as above shall be payable with a minimum of Rs.25/-. Such interest shall be paid without any demand from customers in all types of accounts.

4.10. Compensation for delay in clearance of Local Cheques:

4.10.1.Cheques deposited in the drop-box within branch premises, before the specified cut-off line will be sent for clearance on same day, for which the clearance period will be T+1 working days. Cheques deposited after the cut-off time will be sent for clearing on next day, for which clearance period will be T+2 working days.

4.10.2.The compensation to the customers is payable in case of delay in clearance of local cheques beyond above stipulated period in all types of accounts at Savings Bank interest rate.

4.10.3. Bank shall also permit usage of the shadow credit afforded to the customers' account immediately after closure of relative return clearing and withdrawal may be allowed on the day of affording shadow credit or maximum within an hour of the commencement of business on the next working day, subject to usual safeguards.

4.11. Compensation for loss of Cheques / Instruments in transit

4.11.1 In the event a cheque or an instrument accepted for collection is lost in transit or in clearing process or lost by the Service Provider (in case of CMP), the Bank shall immediately, on coming to know of the loss of instrument, bring the same to the notice of the account holder so that the account holder 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 cheque/instrument. The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

4.11.2 In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, as per the Cheque Collection Policy of the Bank, (7/10/14 days as the case may be) interest will be paid for the period beyond the stipulated collection period at the rates specified in para 4.9.2 above for cheques payable in India and at rates specified at Para 4.7 above in regard to cheques payable abroad.

- a) Bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for possible further delay in obtaining duplicate cheque /instrument and collection thereof.

- b) The Bank would also compensate the customer for any reasonable charges which 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, subject to a maximum of Rs. 250/-.

4.12. ATM Failure: Compensation to customer for settlement of disputed ATM transactions/ Cash Deposit Machine (CDM):

4.12.1 RBI's instructions/guidelines stipulate that the time limit for resolution of customer's ATM complaints by the issuing banks is 7 working days from the date of receipt of customer complaint. Accordingly, failure to re-credit the customer's account within 7 working days of receipt of the complaint shall entail payment of compensation to the customer @ Rs.100/- per day by the issuing bank, provided the claim is lodged with the issuing bank within 30 days of the date of transactions and branch has failed to establish the proof of payment/disbursement by ATM.

4.12.2 In case of dispute in regard to delayed credit to the customer's account from Cash Deposit Machine (CDM), the Bank will pay the interest at the applicable rate of the customer's deposit/overdraft/loan account for the delayed period, after due verification. However, in case of any dispute related to genuineness of the currency deposited in the CDM, it will not be covered under Bank's compensation policy.

4.12.3 Technical failure: Compensation to customers for Mobile Banking/Internet Banking (MBS/INB)/ Mobile wallets and Other Digital Products:

In case of dispute with regard to unsuccessful transactions in MBS/INB due to technical fault/error, in addition to auto reversal of such entries by the System, compensation equivalent to the interest calculated on the amount so debited at Bank Repo rate plus 2 percent will be paid if the credit/ refund is not executed within 7 days or alternatively the entries shall be reversed after value dating the reversal transaction.

4.13 Compensation for delay in Pension payment:

4.13.1 As per RBI instructions, pension (normal pension) of Central / State Govt. pensioners should be credited to their account on any of the last four working days of each month, except the pension for March every year which will be credited on the first working day of April.

4.13.2 As regards disbursing revised pension / arrears, pensioners should get the revised pension / arrears on the last day of the succeeding month, after the

month in which the concerned Government announces the revision and date for implementation. In other words, each Agency Bank is getting adequate reaction time ranging from 30 to 60 days to obtain the revised parameters from the respective Government department and implement the same in time.

4.13.3 The concerned pensioner should be compensated for delay beyond the due date (last date of the succeeding month subsequent to the month of issue of order by the concerned Government department) at the rate of 8% (fixed rate) on the revised pension / arrears for the delay period. This compensation shall be credited to the pensioner's account automatically without any claim from the pensioner in respect of all delayed pension payments made since October 1, 2008.

4.13.4 In case of very complicated pension cases requiring reference back to the respective Government / Department, the due date would commence from the date of obtention of final clarification from the Government concerned.

4.14. Compensation for delay in Issuance of Duplicate IOI (Inter Office Instrument):

Duplicate IOI will be issued within 7 working days from the date of receipt of such request from the purchaser thereof. For delay beyond the above stipulated period, interest **at the rate applicable for Fixed Deposit of corresponding period** will be paid for the delay beyond 7 days as compensation to the customer.

4.15. Payment of "at par" Cheques issued by other Banks

4.15.1 Bank will not pay any compensation, to the cheque holder, for dishonour of "at par" cheques issued by other banks, including co-operative banks, in the absence of adequate funds in the account on which cheques are issued even though the amount of the cheque may have been paid to the bank, which had issued the "at par" cheque.

4.15.2 RBI instructions stipulate that banks will not honour cheques drawn on current accounts maintained by other banks with it, unless arrangements are made for funding cheques issued. Issuing bank shall be responsible to compensate the cheque holder for non-payment of cheques in the absence of adequate funding arrangement.

4.16. Lenders' liability: Commitments to borrowers:

The Bank has adopted the principles of "Lenders' liability". In terms of 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 of the mortgaged property within 15 days of repayment of all dues agreed to or contracted, subject to any other right/lien/claim by the Bank till the relevant claim is settled /paid. If any right to set off is to be exercised for any other claim, Bank shall give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid. In the event of loss of title deeds to mortgaged property at the hands of the Banks, the compensation will cover out of pocket expenses for obtaining duplicate documents on actual basis subject to a ceiling of Rs.5000/- plus a lump sum amount, as decided by the Bank in the following manner:

“The Bank would pay the compensation for delay in return of securities/documents/title deeds of the mortgaged property beyond 15 days of repayment of all dues agreed to or contracted, subject to above conditions, @ Rs.100/- per day (maximum Rs.5000/-) to the borrower”.

4.17 Compensation for wrongful dishonour of cheques:

In case of complaints received from the customers for wrongful dishonour of cheques, the Bank shall take appropriate steps to investigate the reason for such lapses and shall communicate to the customer within 7 working days from the date of receipt of complaint. Otherwise, the Bank may compensate the customer suitably for financial loss as decided by the Bank with minimum of Rs.100/- per day for the period of delay, subject to a maximum of Rs. 1,000/-, wherever justified.

4.18 Compensation in case of delay on the part of the Bank to upload Application Supported by Blocked Amount (ASBA):

4.18.1 The following operational /technology issues may result in delay or failure on the part of the Bank to upload ASBA applications. This is an illustrative list and not exhaustive.

- a) Bank's INB portal is down.
- b) Bid data accepted for customer data entry but not captured/retained in Bank's System.
- c) Omission of lien marking in the account but bid in the exchange site.
- d) Lien marked in the account but bid data not uploaded by Bank in the exchange site.
- e) ASBA application received, acknowledgement given to applicant, but bid not uploaded in the exchange site.
- f) Bid amount & quantity and Application amount & quantity differs due to data entry error by Bank's staff.
- g) Lien marked in the wrong account.

4.18.2 The proposed formula for calculation of minimum fair compensation is as follows:

Compensation= (Listing price*-Issue Price)(No. of shares that would have been allotted if bid was successful)(Probability of allotment of shares determined on the basis of allotment)

*Listing price shall be taken as the highest of the opening price on the day of listing across the recognized Stock Exchanges.

It is also proposed that in case of issues which are subscribed between 90-100%, i.e. non-oversubscribed issues, the applicants would be compensated for the shares which they would have been allotted.

No compensation would be payable to the applicant in case the listing price is below the issue price.

Registrar to an Issue and Shares Transfer Agents (RTAs) shall share the basis of allotment file, if sought by the Bank, so that the Bank shall have access to the allotment ratio for the purpose of arriving at the compensation.

Any applicant whose application has not been considered for allotment, due to failure on the part of the Bank shall have the option to seek redressal of the same within three months of the listing date with the concerned Bank. On receipt of such application/s, the Bank would be required to resolve the same within 15 days, failing which it would have to pay interest at the rate of 15% per annum for any delay beyond the said period of 15 days.

4.19. Violations by Bank's Agents

In the event of receipt of any complaint about any improper act/ conduct on the part of agent, in violation of the Code of the Bank's commitment to customers which the Bank has adopted voluntarily, the Bank shall take appropriate steps to investigate and redress the complaint and endeavour to communicate to the customer within 7 working days from the date of receipt of complaint and, where justified, may compensate the customer suitably for financial loss as decided by the Bank. Also, necessary steps will be taken, if required as per Bank's decision, to prevent recurrence of similar complaints.

4.20 Timeline for payment of compensation

The amount of compensation for deficiencies in various categories of Banking Services as mentioned in this Policy will be paid to the customers within 15 (fifteen) days after the deficiency is acknowledged.

4.21 Authority for payment and control reporting

The amount of compensation paid at the branch shall require post facto approval by the controller of the branch who shall in turn put up Control Report to his controllers.

5. Automation of payment of compensation in CBS:

IT-CBS Development department has developed the necessary functionality related to automation of payment of compensation for the following deficiencies in CBS and rolled out the same since November, 2013. Detailed operational guidelines in regard to payment of compensation to the customers on account of deficiencies in the services have been circulated by way of e-Circular No. : NBG/BOD-GB/70/2014 – 15 dated 05th November, 2014:

- a) Unauthorised / erroneous debit.
- b) ECS direct debits / other debits to accounts
- c) Issue of ATM / Debit cards without written consent of customers.
- d) Payment of cheques after acknowledgement of stop payment instruction at Home Branch.
- e) Compensation for delayed collection of export bills / payment of foreign inward remittances etc., adverse movement of forex rates and also payment of interest for delay in payment to the exporters on export bill sent for collection and realized by authorized dealers.
- f) Delay in credit / return of NEFT/NECS/ECS transactions
- g) Collection of cheque drawn on foreign countries
- h) Cheque, lost in Bank's custody, payable in India
- i) Cheque, lost in Bank's custody, payable in foreign countries
- j) Disputed ATM transactions
- k) Delay in credit of pension
- l) Delay in issuance of duplicate IOI.
- m) Lenders' liability, delay in return of securities documents

6. Customers' Responsibility:

- 6.1.** Bank will not be responsible for the loss to the customers due to customer's carelessness in keeping the Cheque book, passbook, cards, PIN or other security information and not following "Do's and Don'ts" issued by the Bank, until the Bank has been notified by the customer.
- 6.2.** The Bank will not be responsible for the loss to the customer, if the customer acts fraudulently and/or acts without reasonable care which has resulted in loss to him/her. Bank will also not be responsible for the losses arising out of misuse of lost PIN, compromise of passwords or confidential

information, until the time the Bank has been notified of such loss/compromise and the Bank has taken steps to prevent its misuse.

7. Disclaimer clause:

Notwithstanding anything contained hereinabove, the Bank shall not pay any compensation in the following cases:-

- a) Any alleged deficiency in regard to loans and advances activities of the Bank.
- b) Dishonour of at par payment agreement with other banks, due to non-funding and security compliance.
- c) In case of delay on account of non-functioning of business due to factors beyond the control of the bank the period covered by such events shall be omitted for calculation of delay etc.
- d) Where the issues are sub-judice and pending before Courts, Ombudsman, arbitrator , Government and matter put on hold due to stay

8. Force Majeure:

The Bank shall not be liable to compensate customers under this Policy if some unforeseen event including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fire, natural disasters or other "Acts of God", war, damage to the Bank's or its correspondent bank(s) systems, communication channels etc. beyond the control of the Bank, prevents it from performing its obligations within the specified service delivery parameters.

9. Delayed Collection of Bills Payment : of interest for Delay in collection of bills:

The lodger's bank should pay interest to the lodger for the delayed period in respect of collection of bills at the rate of 2% p.a. above the rate of interest payable on balances of Savings Bank accounts. The delayed period should be reckoned after making allowance for normal transit period based upon a time frame of 2 days each for (i). Dispatch of bills; (ii) Presentation of bills of drawee (iii) Remittance of proceeds to the lodger's bank (iv) Crediting the proceeds to drawer's account.

10. Amendment/Modification of the Policy:

The Bank reserves the right to amend/modify this Policy, as and when deemed fit and proper, at its sole discretion. However, the Bank shall endeavour to review the Policy at annual intervals.
