



सेंट्रल बैंक ऑफ इंडिया
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Central Bank of India

1911 से आपके लिए "केंद्रित"

"CENTRAL" TO YOU SINCE 1911

CUSTOMER SERVICE--OPERATIONS DEPARTMENT

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CIRCULAR TO ALL OFFICES

COMPENSATION POLICY-----2019-20

In line with RBI/ IBA/ BCSBI guidelines, policy on Compensation Policy 2019-20 has been approved by the Board of Directors of the Bank.

RBI and BCSBI have directed that Bank's system should be oriented towards better customer service and they should periodically study their system and its impact on customer service. It is advised that Banks should have a Board approved Policy for general management of the Branches.

The Policy is based on principles of transparency in resolving genuine grievances of customers. It is designed to ensure fair treatment to customers and to foster long term relationship with public at large.

The Policy also delegates to the field functionaries non-lending powers for expeditious settlement of compensation payable to affected customers in case of deficiency of service, if any.

The Policy is available on Bank's website under public domain.

Branches / Offices should ensure to keep this updated policy in Display Folder.

All Zonal Heads / Regional Heads & Branch Offices are requested to scrupulously follow the guidelines in letter and spirit.

(VIVEK KUMAR)
DY GENERAL MANAGER- OPR

COMPENSATION POLICY- 2019-2020

I. INTRODUCTION

It has been the endeavour of Bank to offer services to its customers with best possible utilization of its Human resources and Technology Infrastructure. Migration of all branches of the Bank to Core Banking Solutions (CBS) platform is great leap in this direction. In order to increase efficiency of the operations/better performance and to compensate adequately any customer who faces deficiency in Banking Services, the compensation policy has been formulated. The Compensation Policy of the Bank is designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of Cheques/instruments, payment of cheque after acknowledgement of stop payment instructions, remittance within India, foreign exchange services, lending etc. The policy is based on principles of transparency and fairness in the treatment of customers and their genuine grievances.

II. OBJECTIVES

- 1.1 The objective of the “Central Bank of India Compensation Policy (Banking Services)” 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 without having to ask for it, the bank expects to annul the instances of the customer approaching the Banking Ombudsman or any other Forum for redressal of grievances.

- 1.2 It is reiterated that the Policy covers only compensations for Financial losses which customers might incur due to deficiency in 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 dispute.

- 1.3 It is imperative for all the branches/offices to note and ensure that
 - 1.3.1 Prompt and efficient customer service is rendered to all the customers at all times.
 - 1.3.2 The Cheques/instruments are collected within the stipulated time frame in accordance with the Cheques Collection Policy.

This will not only substantially reduce the number of customer grievances / Complaints, the resultant compensation payment will also be minimized as well.

III. AREAS OF COVERAGE

The policy as such is designed to cover 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 and does not constitute admission of liability or any other issue, of any nature whatsoever for the purpose of Adjudicatory Proceedings.

2 Unauthorised/Erroneous Debits:

- 2.1 If the bank has raised an unauthorized / erroneous direct debit to any account, on receipt of the information the entry will be reversed immediately after verifying the position.
- 2.2 In case, the entry reported by the customer appears to be erroneous by the customer which 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 the erroneous debit.
- 2.3 On the contrary if the verification involves a third party, Bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer.
- 2.4 Erroneous transactions protested by customers in respect of credit card operations which require reference to a merchant establishment will be handled as per the extant guidelines issued by Master Card International or VISA International depending upon the affiliation of the customer's credit card. However, the explanation and, if necessary, documentary evidence will be provided to the customer by the bank within a maximum period of 60 days with a spirit to amicably redress the grievances.
- 2.5 In the event of any unauthorized /erroneous debit which results in any financial loss to the customer by way of reduction in the minimum balance applicable for payment of interest on saving bank deposit or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss.
- 2.6 If the customer has suffered any financial loss incidental to return of a Cheques 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. However, customer will not be entitled to claim any compensation for loss of reputation or loss of profit.

2.7 The compensation for such financial losses will, however, be restricted only to reimbursement of actual expenses incurred by the customer e.g. lodgement charges, if any, for the returned Cheques, penalty/interest for regularization of failed direct debit instructions, etc.

3 NECS /ECS Direct Debits/Other Debit Accounts

3.1 The bank will undertake to carry out direct debit/ECS (Electronic Clearing Services) debit instructions of customers in time. If bank fails to meet such commitment, customer will be compensated to the extent of financial loss the customer would incur on account of delay in carrying out the instructions/failure to carry out the instructions.

3.2 The compensation for such financial losses will, however, be restricted only to reimbursement of actual expenses incurred by the customer e.g. Penalty / interest paid by the customer to regularize the schedule which got disturbed on account of delay in carrying out the instruction/failure to carry out the instruction.

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

4. ATM Unauthorised Debit Transaction:

4.1 In case of ATM/Internet banking transactions, in the event of any monetary dispute involving the customer and the bank, customer must be compensated for the losses arising out of unauthorised transaction in customer's account.

4.2 Bank will pay penalty at the rate of Rs.100/- per day as compensation to the card holder in a case the matter is not resolved within seven (7) working days from the date of receipt of complaint in respect of cash not dispensed but cardholder account has been debited unauthorized. The customer is entitled to receive such compensation for delay only if a claim is lodged within 30 days of the date of transactions at any branch.

4.3 The issuer Bank is entitled to claim such compensation paid to the customer from the acquirer Bank, if the delay is attributed to the latter. By the same logic the ATM network operators shall compensate the Banks for any delay on their part.

5. Credit Card Debits:

5.1 Where it is established that the bank issued and activated a credit card without written consent of the recipient, the bank would reverse the charges immediately.

6. Payment of Cheques after stop payment instructions

6.1 In case a Cheques 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 adequately compensated.

6.2 Such debits will be reversed within 2 working days from the date the customer intimates about the transaction to the bank.

7. Foreign Exchange Services / Interest for delayed collection of outstation Cheques (outside India)

7.1 The bank will not compensate the customer for delay in collection of Cheques designated in foreign currency sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks.

7.2 It is observed that period 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.

7.3 Bank, however, would consider upfront credit against such instruments by purchasing the Cheques/instrument, provided the conduct of the account has remained satisfactory in the past.

7.4 However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account maintained with its Correspondent Bank. Such compensation will be given for delay beyond one week from the date of credit to Nostro Account / due date after taking into account normal cooling period stipulated.

7.5 Interest for the delay in crediting proceeds will be as per FEDAI rules in vogue at the time of acceptance of Cheques/instruments by the bank for collection.

7.6 Compensation for any possible loss on account of adverse movement in foreign exchange rate will be as per FEDAI rules, if any in vogue at the time of acceptance of the Cheques by the bank for collection.

- 7.7 In case of instruments / cheques sent under 'Cash Letter System', the Correspondent Bank gives provisional credit on a pre-determined date which varies from 7 to 9 days. However, it will be again subject to cooling / waiting period of 21 days observed in general before affording final credit to the beneficiary's account beyond the date of provisional credit made in Bank's Nostro-Account.
- 7.8 Proceeds of instruments received under collection other than 'Cash Letter System' will be credited to beneficiary's foreign currency account or converted to Rupee for credit to his domestic account.
- 7.9 Considering the above, bank shall pay interest on amount of cheque from the date of sighting credit in their Nostro Account after taking into consideration normal cooling period as above till such time the customer's account is credited. Interest shall be calculated @ Savings rate. Saturdays are treated as working days except for the transactions involving conversion at confirmed exchange rate.
- 7.10 Compensation will be credited in the NRE/NRO/Domestic Account of the depositors.
- 7.11 Cheque sent for collection by bank may be returned by the foreign payee bank due to financial reasons or in case it happens to be a fraudulent instrument.
- 7.12 In case of return of Cheques, no protection is available to the collecting bank. However, bank shall have right to recover the proceeds of Cheques credited in depositor's account (at the ruling exchange rate equivalent to foreign currency amount debited by Foreign Bank to the Nostro Account of the collecting bank) along with interest from the date of credit till the date of amount recovered.

8. Remittances in India / Interest for Delayed Collection of Outstation Cheques (within India)

- 8.1 Interest for delayed collection shall be at Savings Bank rate for the period of delay beyond 7 days in four major Metro Centres (Delhi/Mumbai/Kolkata /Chennai) , beyond 10 days in other Metro Centres / State Capitals (other than North Eastern States and Sikkim) and beyond 14 days for all other centres.
- 8.2 Where the delay is beyond 14 days, interest will be paid at the rate applicable to term deposit for the respective period.
- 8.3 In the event, the proceeds of Cheques under collection were to be credited to an overdraft/loan account of the customer; interest will be paid at the rate applicable to the respective loan account.

- 8.4 Such interest shall be without any demand from the customer and should be system – driven/ system in-built.
- 8.5 For the delay in remittance of proceeds by Payee Bank, we (Collecting Bank) shall not be liable to pay any interest/compensation.
- 8.6 Holidays are to be excluded for the purpose of reckoning collection period prescribed above.
- 8.7 It should be noted that interest payment as given above would be applicable only for instruments sent for collection within India.
- 8.8 There should not be any distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.
- 8.9 In case of extraordinary delay i.e. delay exceeding 90 days; interest will be paid @2% above the corresponding term deposit rate.

9. Interest for delayed collection of Bills

- 9.1 Interest In case of delay in realization of Bills sent for collection to payee bank / branch, the collecting bank shall pay interest at the rate of 2% p.a. over and above savings rate.
- 9.2 The delayed period shall be reckoned after making allowance for normal transition period of 2 days each for dispatch of bills / presentation to Drawee / remittance of proceeds / credit to beneficiary account. To the extent delay is caused by the payee bank, lodger bank may claim interest from the counterpart.

10. Delayed credit/refund of NEFT transactions

- 10.1 In case of delay in crediting the beneficiary customer's account or returning the un-credited amount to the remitter, the bank shall pay penal interest at the current RBI LAF Repo Rate plus two per cent for the period of delay/ till the date of refund as the case may be to the affected customers.
- 10.2 Such payment of penal interest at the stipulated rate should be suo-moto from Bank's side without waiting for claim from the customers.
- 10.3 The payment of penal interest to the affected customer shall be from the date of transaction, not from the value date of credit in the customer's account.

10.4 Such Interest shall be paid without any demand from the customer and should be system – driven/ system in-built.

10.5 In respect of wrong RTGS /NEFT credit to the account –
If the money is still in the customer's account, it may be put on hold by the Bank. If the money is withdrawn by the customer, it is not responsibility of the Bank

11. Delay in Credit/Payment of Pension

11.1 RBI has issued a circular that in case of genuine delay in payment of pension; the Bank will pay Bank rate plus 2% for the entire delayed period to the pensioner without asking for the same. The same may be circulated by the Banks to the pensioners and displayed in all branches.

12 Cheques/Instruments/Drafts Lost in Transit/In Clearing Process /At Paying Bank Branch

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 be as under

12.1 In the event of a cheque/ instrument accepted for collection lost in transit the clearing process or at the paying bank branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder. This will enable the account holder to inform the drawer of instrument to stop payment at Drawee Branch 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.

12.2 The branch shall extend all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

12.3 In case of international cheque lost in transit, bank shall advise the correspondent / drawee bank all particulars of the lost instrument for exercising caution. The bank shall arrange to get the payment of instrument based on the photocopy / scanned image of the instrument wherever possible as per the law of the land.

12.4 In case of instruments lost / misplaced since claimed to have been deposited in the "drop box' and customer doesn't have the receipt, bank will not be in position to decide the compensation. In such cases, the customer will have to submit a claim for the lost instrument with details including confirmation / enquiry from the drawer of the cheque/ drawee bank about the genuineness of the claim.

- 12.5 In such cases and in case of intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (7/10/14 days as the case may be), interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- 12.6 In addition, Bank will pay interest on the amount of cheque for a further period of 15 days at Saving Bank rate for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- 12.7 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 obtained from a bank/institution who would charge a fee for issue of duplicate instrument.
- 12.8 The Bank would bear/reimburse to the customer such other charges incurred for marking stop payment instructions, only on production of proof of levying of such charges by the Drawer's Bank.
- 12.9 If the cheque/instrument is lost after it is purchased/discounted by the bank as per any prior arrangement or otherwise, the bank will immediately on coming to know about the loss, reverse the credit given to the customer's account under intimation to the customer and from the date of such intimation, it will be treated that the instrument is on collection basis and the customer will be compensated as above.
- 12.10 The customer is expected to extend necessary co-operation to the bank wherever required in the matter.
- 12.11 The Bank's policy for treatment of Cheques/instruments lost after it is purchased /discounted would be adequately made clear to the customer at the time of entering into the arrangement for purchasing/discounting of cheque or at the time of conceding the specific request of the customer for purchase of a particular cheque.
- 12.12 Duplicate drafts will be issued within a fortnight on receipt of written request from the purchaser. For delay beyond the period, interest @ rate applicable to time deposit for the corresponding period to be compensated.

13. Transaction of “At Par Instruments” of Co-operative Banks by Commercial Banks

13.1 The Bank would take due precautions while entering into at par payment arrangement with co-operative banks and would ensure proper funding arrangements for issued Cheques. However, the customer would be extended immediate credit in respect of ‘at par’ instruments of such Co-operative Banks.

14. Lender’s Liability – Commitment to Borrowers (Loss of Title Deeds)

14.1 In case of loans against mortgage of property/property taken as collateral security, the original Title Deeds should be returned to the customer within a period of 15 days from date of loan closure. Delay in return of Title Deeds and/or where there is a case of loss of Title Deed from the custody of the Bank, the customer must be adequately compensated.

The compensation payable to the Borrowal party beyond 15 days from the date of loan closure may be pegged at Rs. 100/- per day.

14.2 Such compensation is in addition to the expenses incurred for obtaining a certified duplicate copy of the original Title Deed from the Office of Sub-Registrar. Bank will issue a public notice/advertisement in local newspaper about the loss of the original Title Deed, the cost of which will be borne by the Bank.

In case of any genuine reason if the Title documents cannot be delivered to the party, the matter should be escalated to the next higher authority i.e. Regional Manager.

14.3 The payment of compensation will be approved by respective Regional Manager.

15. Violation of Code by Bank’s Agent

15.1 In the event of receipt of any complaint from the customer that Bank’s representative /courier/Direct Selling Agent (DSA) has engaged in any improper conduct or acted in violation of the Code of Bank’s Commitment to Customer which the bank has adopted voluntarily, the bank shall take appropriate steps to investigate the matter and endeavour to communicate the findings to the customer within seven working days from the date of receipt of complaint and wherever justified compensate the customer for financial losses. Such compensation will be restricted to reimbursement of actual expenses.

16. Force Majeure

16.1 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/other labour disturbances accident, fires, natural disasters or other “Acts of God” war, damage to bank’s facilities or of its correspondent bank(s), absence of all types of usual modes of transportation, etc.) beyond the control of the bank prevents it from performing its obligation within the specified service delivery parameters.

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

Non-Lending Powers relating to Payment of Compensation

- In terms of the provisions of the cheque collection policy and compensation policy, customers are to be compensated for any financial loss they may incur due to deficiency in service on the part of the Bank or any action of omission or commission directly attributed to the Bank- e.g. delay in collection of Cheques, loss of instruments in transit, payment of cheque after receipt of stop payment instructions etc.

As a part of grievances redressal mechanism and to speed up the disposal of complaints, non-lending powers have been approved by the Board on last 07.09.2010 as under:

Delegates	Revised powers (Amount in Rs.)
CM-VLB/RM Scale IV	10,000/-
AGM ELB/RM in Scale V	25,000/-
RM / ZM in Scale VI/ DGMs in Branches	50,000/-
GM at ZO's/ Central Office	75,000/-
Executive Director	5,00,000/-
Managing Director & CEO	10,00,000/-
MC of the Board	Above Rs. 10,00,000/-

- The branches should promptly seek sanction from Regional Manager / Zonal Manager / other competent authorities by providing complete detail of the individual cases.
- The controlling authorities' at different levels shall ensure prompt disposal of such claims for compensation.
- Staff accountability, needs to state, should be examined and in case any staff member is found negligent resulting in the payment of compensation, the same should be recovered from the concerned staff member.
- The compensation paid during a calendar month should be reported to Controlling Office.

To be submitted by	To whom	Latest by
Branches	Regional Office	1 st week of the succeeding month
Regional Office (Consolidated statement in the prescribed format)	Operations Department at Central Office	15 th of the succeeding month.

- Regional Offices shall submit a consolidated monthly statement by 15th of succeeding month to Central Office, Operation Dept. with details of payment made.

17. CUSTOMER PROTECTION – LIMITING LIABILITY OF CUSTOMERS IN UNAUTHORISED ELECTRONIC BANKING TRANSACTIONS

17.1 Strengthening of systems and procedures:

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.)

17.2 The systems and procedures in banks:

The systems and procedure in banks must be designed to make customers feel safe about carrying out electronic banking transactions. To achieve this, banks must put in place:

- (i)** appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- (ii)** robust and dynamic fraud detection and prevention mechanism;
- (iii)** mechanism to assess the risks (for example, gaps in the bank's existing systems) resulting from unauthorised transactions and measure the liabilities arising out of such events;
- (iv)** appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- (v)** a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

17.3 Reporting of unauthorized transactions by customers to banks:

- (i)** Banks must ask their customers to 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.
- (ii)** The customers must be advised to notify their 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, banks must 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.

Banks shall also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers should not be required to search for a web page or an e-mail address to notify the objection, if any.

- (iii) Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions shall be provided by banks on home page of their website.
- (iv) 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. The communication systems used by banks to send alerts and receive their responses thereto must record the time and date of delivery of the message and receipt of customer's response, if any, to them. This shall be important in determining the extent of a customer's liability.
- (v) The banks may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank.
- (vi) On receipt of report of an unauthorised transaction from the customer, banks must take immediate steps to prevent further unauthorised transactions in the account.

17.4 (a) Zero Limited 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.

(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 paragraph 17 (b) (ii)

Type of Account	Maximum liability (₹)
➤ BSBD Accounts	5,000
➤ 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
➤ All other Current/Cash Credit/Overdraft Accounts ➤ Credit cards with limit above Rs.5 lakh	25,000

- (i) 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 beyond seven 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 **100% of the transaction value**.
Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.

Bank shall provide the details of its policy in regard to customers' liability formulated in pursuance of these directions at the time of opening the accounts. Bank shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

17.5 Overall liability of the customer in third party breaches, as detailed in paragraph

17.4 (a) (ii) and paragraph 17.4 (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 days	100% of the transaction value. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank

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.

17.6 Reversal Timeline for Zero Liability/ Limited Liability of customer:

On being notified by the customer, the bank shall 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 (without waiting for settlement of insurance claim, if any). The credit shall be value dated to be as of the date of the unauthorised transaction.

There shall be no waive off any customer liability in case of unauthorised electronic banking transactions in cases of customer negligence.

17.7 Further, bank shall ensure that:

- (i) 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 17.4 to 17.6 above;
- (ii) where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed in paragraphs 17.4 to 17.6 is paid to the customer; and
- (iii) in case of debit card/bank account, the customer does not suffer loss of interest, and in case of credit card, the customer does not bear any additional burden of interest.

17.8 Burden of Proof:

The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the bank.

17.9 Reporting and Monitoring Requirements:

The banks shall put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Board or one of its Committees.

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.