



# DHANLAXMI BANK

## CUSTOMER RELATIONS POLICY

**Date: July, 2018**

**DOCUMENT DETAILS**

<b>Document Title</b>	Dhanlaxmi Bank – Customer Relations Policy
<b>Document Version</b>	2018
<b>Prepared By</b>	Business Development and Planning Department
<b>Reviewed By</b>	Business Development and Planning Department
<b>Approved by</b>	Board of Directors, Dhanlaxmi Bank
<b>Effective Date</b>	July, 2018

**DOCUMENT CHANGE CONTROL**

<b>Sr.No</b>	<b>Name</b>	<b>Designation</b>	<b>Purpose</b>
1	Mr. Manikandan P	Chief General Manager	Review and Sign off
2	Mrs. Sreeja K	Chief Manager	Review
3	Mr. Sandeep Ramachandran	Assistant Manager	Author

**DOCUMENT VERSION HISTORY**

<b>Sr.No.</b>	<b>Date of Document</b>	<b>Version</b>	<b>Remarks</b>
1	16/07/2018	2018	Revised

## Table of Contents

<b>1. Introduction.....</b>	<b>4</b>
<b>2. Strengthening of Systems and Procedures .....</b>	<b>4</b>
<b>3. Reporting of Unauthorised transactions by Customers to Banks.....</b>	<b>5</b>
<b>4. Limited Liability of a Customer .....</b>	<b>5</b>
<b>5. Reversal Timeline for Zero Liability / Limited liability of Customer.....</b>	<b>7</b>
<b>6. Pass Book .....</b>	<b>7</b>
<b>7. Policy Revision .....</b>	<b>9</b>

## **1. Introduction**

With the advent of electronic banking, the customer's experience of banking is no longer fully under the control of the bank. Fraudsters constantly creating more diverse and complex fraudulent ruses are using advanced technology and social engineering techniques to commit the frauds. Spreading awareness among consumers has become imperative. Continual education and timely information provided to customers will help them to understand security requirements and take appropriate steps in reporting security problems.

Taking into account the risks arising out of unauthorized debits to customer accounts owing to customer negligence / bank negligence / banking system frauds / third party breaches, Reserve Bank of India has advised banks to clearly define the rights and obligations of customers in case of unauthorized transactions in specified scenarios.

Reserve Bank of India vide Circular DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 06, 2017 on the subject "Customer Protection – Limited Liability of Customers in Unauthorised Electronic Banking Transactions" has instructed Banks to formulate their customer relations Policy with Board Approval to cover aspects of customer protection, including the mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions and customer liability in such cases of unauthorized electronic banking transactions. Reserve Bank of India has also advised banks that the policy must be transparent, non-discriminatory and should stipulate the mechanism of compensating the customers for the unauthorized electronic banking transactions and also prescribe the timelines for effecting such compensation.

Based on the same, we have formulated our "Customer Relations Policy" to comply with the guidelines of Reserve Bank of India.

## **2. Strengthening of systems and procedures**

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

- ✓ 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
- ✓ 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.)

The systems and procedures in bank are designed to make customers feel safe about carrying out electronic banking transactions. To achieve this, bank has put in place:

- ✚ Appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- ✚ Robust and dynamic fraud detection and prevention mechanism;

- ✚ Mechanism to assess the risks (for example, gaps in the bank's existing systems) resulting from unauthorized transactions and measure the liabilities arising out of such events;
- ✚ Appropriate measures to mitigate the risks and protect themselves against the liabilities arising there from; and
- ✚ A system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

### **3. Reporting of Unauthorized transactions by customers to banks**

Reserve Bank of India has instructed that 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. The customers have been advised to notify their bank of any unauthorized 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, bank is providing 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 unauthorized transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. Bank shall also enable customers to instantly respond by "Reply" to the SMS and e-mail alerts and the customers need not search for a web page or an e-mail address to notify the objection, if any. Further, a direct link for lodging the complaints, with specific option to report unauthorized electronic transactions will be provided by the bank on home page of our website.

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 bank to send alerts and receive their responses thereto will 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. Bank may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. On receipt of report of an unauthorized transaction from the customer, bank will take immediate steps to prevent further unauthorized transactions in the account.

### **4. 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:

- ❖ Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).

- ❖ 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:

- 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.
- 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.

<b>Table 1</b>	
<b>Maximum Liability of a Customer</b>	
<b>Type of Account</b>	<b>Maximum liability</b>
	<b>(₹)</b>
• BSBD Accounts	5,000
• All other SB accounts	10,000
• 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	
• All other Current/ Cash Credit/ Overdraft Accounts	25,000
• Credit cards with limit above Rs.5 lakh	

Further, if the delay in reporting is beyond **seven working days**, the customer liability shall be decided as per the discretion of the Bank.

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 summarized in the [Table 2](#) as follows:

<b>Table 2</b>	
<b>Summary of Customer's Liability</b>	
<b>Time taken to report the fraudulent transaction from the date of receiving the communication</b>	<b>Customer's liability (₹)</b>
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	Will be decided as per the discretion of 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.

#### **5. 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 unauthorized 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). Bank may also at its discretion decide to waive off any customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

Further, bank shall ensure that:

- a complaint is resolved and liability of the customer, if any, established within such time, as may be specified by the bank, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions above;
- where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as mentioned in the policy is paid to the customer; and
- 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.

#### **6. Pass Book**

Reserve Bank of India has instructed banks vide Circular DBR.No.Leg.BC.76/09.07.005/2016-17 dated June 22, 2017 on "Recording of Details of transactions in Passbook / Statement of Account" to provide adequate details of the transactions in the passbooks and/ or statements of account to enable the account holders to cross-check them. Banks have also been advised to incorporate information about 'deposit insurance cover' along with the limit of coverage, subject to change from time to time, upfront in the passbooks.

In the interest of better customer service, it has been decided that bank will at a minimum provide the relevant details in respect of entries in the accounts as indicated in the Table 3 below.

<b>Table 3</b>		
<b>Illustrative Narrations to be recorded in the Statement of Account / Passbook</b>		
<b>I.</b>	<b>Debit entries</b>	
1	Payment to third parties	(i) Name of the payee
		(ii) Mode - Transfer, Clearing, Inter - branch, RTGS / NEFT, Cash, Cheque (Number)
		(iii) Name of the transferee bank, if the payment is made through clearing / inter-branch transaction / RTGS / NEFT
2	Payment to 'self'	(i) Indicate "Self" as payee
		(ii) Name of the ATM / branch if the payment is made by ATM / another branch
3	Issuance of drafts / pay orders / any other payment instrument	(i) Name of the payee (in brief / acronym)
		(ii) Name of the drawee bank / branch / service branch
4	Bank charges	(i) Nature of charges - fee / commission / fine / penalty etc.
		(ii) Reasons for the charges, in brief - e.g. return of cheque (number), commission / fee on draft issued / remittance (draft number), cheque collection charge (number), issuance of cheque book, SMS alerts, ATM fees, additional cash withdrawals, etc.
5	Reversal of wrong credits	(i) Date of the original credit entry reversed
		(ii) Reasons for reversal, in brief
6	Recovery of instalments of a loan / interest on loan	(i) Loan account number
		(ii) Name of Loan account holder
7	Creation of fixed deposit /	(i) Fixed deposit / Recurring Deposit Account / Receipt Number



	recurring deposit	(ii) Name of the Fixed Deposit / Recurring Deposit Account holder
8	Transactions at POS	(i) Transaction date, time and identification number
		(ii) Location of the POS
9	Any Other	(i) Provide adequate details on the same lines as mentioned above

**Note :** In case of single debit in account with multiple credits, the payee name / account number / branch / bank shall not be recorded. However the fact of “multiple payees” will be indicated.

II.	Credit Entries	
1	Cash Deposit	(i) Indicate that it is a "cash deposit"
		(ii) Name of the depositor - self / third party
2	Receipt from third parties	(i) Name of the remitter / transferor
		(ii) Mode - Transfer, inter - branch, RTGS, NEFT, cash etc
		(iii) Name of the transferor bank, if the payment is received through inter- bank transaction, RTGS / NEFT
3	Proceeds of clearing / collection / draft etc. paid	(i) Name of draft issuing bank
		(ii) Date and number of the cheque / draft
4	Reversal of wrong debits (including charges)	(i) Date of the original debit entry reversed
		(ii) Reasons for reversal, in brief
5	Interest on deposits	(i) Mention if it is interest paid on the Savings Account / Fixed Deposit
		(ii) Mention the respective Fixed Deposit Account / Receipt Number if it is interest paid on Fixed Deposit (s)
6	Maturity proceeds of Fixed Deposit / Recurring Deposit	(i) Name of the Fixed Deposit / Recurring Deposit holder
		(ii) Fixed Deposit / Recurring Deposit account / receipt number
		(iii) Date of maturity
7	Loan proceeds	(i) Loan account number
8	Any other	(i) Provide adequate details

## 7. Policy Revision

This policy is subject to revision based on the extant RBI and IBA guidelines from time to time. Review of the policy will be carried out on an annual basis.

\*\*\*\*\*