



Assam Gramin Vikash Bank

Payment and Settlement of Transaction and Customer Compensation Policy of AGVB

Policy Governance

Frequency Of Review	Annual
Approval Path	Board on – 12.11.2020

1. Introduction

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. The Policy is based on principles of transparency and fairness in the treatment of customers.

2. Objective

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 without having to ask for it, the bank expects instances when the customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

The policy is to provide framework for collection of cheque and other instruments for Bank's customers taking into account our technological capabilities, systems and processes for adherence to such norms and compensation to customer in case of delay in collection of cheques/Instruments.

The Bank may review the policy annually or earlier as per requirements arising out of regulatory directions. The policy will come in force immediately from the date of approval by the Board of Directors

3. Policy Details

3.1 Policy Definition

Reserve Bank of India through its “Master Circular on Customer Service in Banks” circulated vide RBI/2015-16/59 DBR No.Leg.BC.21/09.07.006/2015- 16 dated 01st July 2015 requires banks to have a Board approved policy in place for compensating its customers.

3.2 Policy Details

It is designed to cover deficiency in service in areas relating to:

- Unauthorized / Erroneous Debit
- Liability of a Customer or Bank in unauthorized electronic Banking Transactions
- Delay in Payment of interest for delays in credit/Return of RTGS / NEFT /NECS /ECS transactions.
- Issue of ATM/Debit Cards without written consent of customers.
- ATM Failure: Compensation to customer for settlement of disputed ATM transactions
- Payment of Cheque after acknowledgement of Stop Payment Instructions/ Non-blocking of lost ATM card after acknowledgement of request for its blocking.
- Issue of Duplicate Draft and Compensation for delays
- Violation of the Code by bank’s agent
- Policy for Collection of Cheques and Instruments

3.2.1 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 Fund 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 instruction due to insufficiency of balance on account of the unauthorized / erroneous debit (other than those on account of third party breaches), the bank will compensate the customer to the extent of such financial losses after taking into consideration of all relevant factors.

3.2.2 Liability of a Customer or Bank in unauthorized electronic Banking Transactions

(a) Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorized 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. Here, the communication means information to customer through SMS, mails, passbook and other means.

(b) Limited Liability of a Customer

A customer shall be liable for the loss occurring due to unauthorized 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 (viz. User ID, Passwords, PIN, MPIN, OTP, Card Details, Mobile Device sharing or any other credential that may be defined by the Bank), the customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank.

(ii) In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and the customer notifies such transaction on fourth to seventh day after receiving the communication from the bank (here, the communication to customer means information to customer through SMS, mails, passbook and other means), 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 Customer

Type of Account	Maximum Liability (Rs)
BSBD Account	5000
1. All other SB accounts 2. Current /Cash credit/ Overdraft accounts of MSMEs 3. Current /Cash credit/ Overdraft accounts of individual with annual average balance (During 365 days preceding the incidence of fraud)/limit up to 25 .00 Lac	10000
All other current/ Cash credit/ overdraft account	25000

(iii) Further, if the delay in reporting is beyond seventh working day, the customer liability shall be determined as under:

The customer will bear the entire loss until he reports the unauthorized transaction to the bank. Any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank. However, depending on case to case basis, Bank may compensate customer an amount of maximum Rs 25000/- (if reported within 30 days) irrespective of the fact whether there is single or multiple number of transactions or transaction amount whichever is lower.

Reversal Time line for Zero Liability / Limited Liability of a 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 . The credit shall be value dated to be as the date of unauthorized transaction.

Burden of Proof: The burden of proving the customer liability in case of unauthorized electronic Banking transactions shall lie on the Bank. Such cases of Zero liability / limited liability of customers and compensation amount shall be examined and decided by IT Division in case of unauthorized electronic transactions and by vigilance Department in case of fraudulent electronic transactions.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank will endeavor to complete the process of verification within a maximum period of seven working days from the date of reporting of erroneous debit. In case, the verification involves a third party, 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.

3.2.3 Delay in Payment of 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 the rate of prevailing RBI LAF Repo Rate plus two percent from the due date of credit till the date of actual credit for any delayed credit to the beneficiaries account even if no claim is lodged.

3.2.4 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 will reverse the charges, if levied, immediately to the customer account. The Bank would not only reverse the charges, if levied, immediately but also pay compensation to the customer @Rs100/-.

3.2.5 ATM Failure: Compensation to customer for settlement of disputed ATM transactions:

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.

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

The instruction for Stop Payment of cheque/ blocking of lost ATM card will be accepted at Home Branch or for ATM card blocking, customer can use Toll free number.

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.

3.2.7 Issue of Duplicate Draft and Compensation for delays

Duplicate draft will be issued within a fortnight from the 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 as compensation to the customer for such delay.

3.2.8 Violation of the Code by bank's agent

In the event of receipt of any complaint from the customer that Bank's representative / courier or Direct Selling Agent (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 to complaint and wherever justified, compensate the customer for financial losses, if any, as contemplated under this policy.

4. Policy for Collection of Cheques and Instruments

The bank is committed to increased use of technology to provide quick collection services to its customers. This policy document covers the following aspects:

- Arrangements for Collection of domestic cheques and other instruments payable locally including coverage Under CTS clearing at centers within India.
- Defining time norms for collection of instruments and payment of compensation in cases where Bank falls short in meeting time norms for realization of proceeds or outstation instruments.
- Policy on dealing with collection instruments lost in transit/in clearing process or at paying bank's branch

The policy is based on the guiding principles enlisted in the RBI "Master Circular on Customer Service in Banks" circulated vide RBI/2015-16/59/DBR No.Leg.BC.21/09.07.006/2015-16 dated 1st July 2015.

4.1 Local Cheques

All CTS compliant cheques and other Negotiable Instruments payable locally would be presented through the clearing system prevailing at the centre. Cheques deposited at branch counters and in collection boxes within the branch premises before the specified cut-off time will be presented for clearing on the same day. Cheques deposited after the cut-off time in collection boxes will be presented in the next clearing cycle.

The branches will display the cut-off time for receipt of cheques to be sent in clearing during the next clearing cycle. The cheque deposited by customers up to three hours before the respective clearing schedule will be sent to the clearing house on the same day. However, branches are authorized to fine tune the time frame by reducing the time limit for deposit of cheques for sending the same for clearing on the same day in the greater interest of the individual customers depending upon the prevailing local clearing schedule.

As a policy, bank would give credit to the customer account on the same day clearing settlement takes place. Withdrawal of amounts so credited would be permitted as per the cheque return schedule of the clearing house.

Bank branches situated at centers where no clearing house exists, would present local cheques on drawee banks across the counter and it would be the bank's endeavor to credit the proceeds at the earliest but not later than 3rd working day from the date of deposit by customer.

4.2 Outstation Cheques

Cheques drawn on other banks at outstation centers will normally be collected through CTS clearing. Where the branch does not have a CTS clearing facility of its own, the instrument would be directly sent for collection to the CTS clearing branches of the bank or to the drawee bank. Cheques deposited at CTS branches after the cut-off time in collection boxes will be presented in the next clearing cycle. Cheque deposited at Non CTS branches before the specified cut-off will be sent to CTS branches or drawee bank for clearing on the same day.

The bank would also use the National Clearing services offered by the Reserve Bank of India at centers where such collection services exist.

Since the bank is offering Core Banking services to its customers, same day credit will be provided in respect of outstation instruments drawn on any of its branches in the CBS network if received in the branch up to specified time and latest by next working day if deposited/dropped in collection box.

4.3 Time Frame for Collection of Local / Outstation Cheques / Instruments:

For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied:

Cheques presented at CTS Centres:	Maximum period of 7 days.
Non CTS Centres:	Maximum period of 14 days.

The above time norms are applicable irrespective of whether cheques/instruments are drawn on the bank's own branches or branches of other banks.

4.4 Payment of Interest for delayed Collection of Local / Outstation Cheques:

As part of the compensation policy of the bank, 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 mentioned above. 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 3 working days in case of local cheques.
- b) Saving Bank rate for the period of delay beyond 7 days in collection of outstation cheques payable at CTS centres and 14 days in non CTS centres.
- c) Where the delay is beyond 21 days interest will be paid at the rate applicable for term deposit for the respective period.
- 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 the proceeds of cheque under collection was 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

4.5 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 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 dishonored due to non-credit of the amount of the lost cheques / instruments. The bank would provide all 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 (7/14 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.

4.6 Delay in re-presentation of technical return cheques and levy of charges for such returns.

The bank will levy cheque return charges only in cases where the customer is at fault and is responsible for such returns.

Further in cases where the cheques need to be re-presented without any recourse to the payee, such re-presentation shall be made in the immediate next clearing presentation not later than 24 hours (excluding holidays) with due notification to the customers of such representation through SMS alerts, email etc.

a). RBI directed that no changes/corrections should be carried out on the cheques. For any changes in the payee's name, courtesy amount (amount in figures) or legal amount (amount in words) etc. excepting change in the date for validation period, fresh cheque forms should be used by customers. This will help the bank to identify and control fraudulent alterations.

b). Reduction of validity of cheque /draft /pay order/Banker's cheque from 6 months to 3 months w.e.f. 01.04.2012

c). Dishonour /Return of cheques: Bank needs to mention the 'Date of Return' & sign/initial the Cheque Return Memo and the Objection Slip is to be signed/initialed giving therein a definite and valid reason for refusing payment, as prescribed in Rule 6 of the Uniform Regulations and Rules for Bankers' Clearing Houses (URRBCH). This will enable the holder of the instrument to have legal recourse against the drawer of the cheque

4.7 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 in this policy. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank.

4.8 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.

4.9 Miscellaneous:

Cheque which are deposited with wrong account number mentioned on the pay-in slip, Bank will return such cheques to the customer on the address mentioned within 48 working hours. However, in cases with incomplete address, incomplete phone no. or no phone number mentioned on the pay-in slip, the bank will be responsible to keep these instruments for a maximum period of 3 months.

Cheque received back unpaid will be returned by post/courier etc. to the customer within 48 working hours on the address recorded in Bank's database. However, these will be kept in the Bank for returning to the customer over the counter if he/she makes a request for the same. If not collected by the customer within 15 days, bank will send back at the recorded address by post or courier.

4.10 Service charges

The Bank will recover appropriate service charges for all collection services as decided by Bank from time to time and communicate to the customers by displaying the same on notice board or bank's website.

4.11 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.

5. Exclusions

For any change in the Policy, Authority of Bank is empowered to take a decision and place the same for information to the Board.

6. Periodicity of review of the Policy

The policy will be effective for one year from 12.11.2020 and it will continue to be in force till the reviewed policy comes into place.
