

**KERALA GRAMIN BANK
HEAD OFFICE : MALAPPURAM**

PLANNING & DEVELOPMENT WING

**POLICY ON
CUSTOMER SERVICE,
CUSTOMER RIGHTS,
CUSTOMER PROTECTION,
CUSTOMER COMPENSATION
AND
CUSTOMER GRIEVANCE REDRESSAL MECHANISM
FOR THE FINANCIAL YEAR 2018-19**

1. PART – A :: CUSTOMER SERVICE POLICY

1.1. Introduction

Customer service has assumed great significance in the banking industry. The banking system in India today has perhaps the largest outreach for delivery of financial services and is also serving as an important conduit for delivery of financial services. While the coverage has been expanding day by day, the quality and content of dispensation of customer service has come under tremendous pressure mainly due to the soaring demands and expectations of the customers.

The enormity and complexity of banking operations gives rise to complaints on deficiencies in services. The inadequacies in banking services available to the common man has to be looked into and there is a need to benchmark the current level of service, review the progress periodically, enhance the quality, rationalize the process taking into account the technological developments.

Depositors' interests form the focal point of the regulatory frame work in India. There is a widespread feeling that the customer does not get satisfactory service even after demanding it and there has been a total disenfranchisement of the depositor. There is therefore, a need to reverse this trend and start a process of empowering the depositor.

Broadly, a customer can be defined as a user or a potential user of bank services. So defined, a "Customer" may include:

- A person or entity that maintains an account and /or has a business relationship with the Bank.
- One on whose behalf the account is maintained (i.e. the beneficial owner)
- Beneficiaries of transactions conducted by professional intermediaries such as Stock Brokers, Chartered Accountants, Solicitors etc., as permitted under the law and
- Any person or entity connected with the financial transactions which can pose significant reputational or other risks to the Bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

Keeping the above in view the Bank has formulated a comprehensive customer service policy which includes Deposit policy, Cheque Collection Policy, Customer compensation Policy and customer Grievance Redressal Policy.

1.2. GENERAL

1.2.1. General Management of Branches

- a) The Bank will provide infrastructural facilities to branches by bestowing particular attention to provide adequate space, proper furniture, drinking water facilities etc.
- b) Bank will display indicator Boards in English & Malayalam at the counters. Business posters will be in English and Regional Language.

- c) Use English and Malayalam in transacting business with customers including communications to customers.
- d) Review and improve upon the existing security system of the branches so as to instill confidence amongst the employees and the public.
- e) Train the staff in line with customer service orientation. Training in technical areas of banking to the staff at delivery points.
- f) Senior Officials from controlling office and Head Office will visit branches at periodical intervals for on the spot study of the quality of service rendered by the branches.

1.2.2. Customer Service: Institutional Framework

Matters relating to customer services will be deliberated by the Board to ensure that the instructions of the regulators are implemented meaningfully. Commitment to hassle-free service to the customer at large and the common person in particular will be under the overall supervision of the Board.

1.2.3. Monitoring the Implementation of the Awards under Banking Ombudsman Scheme:

Bank will ensure that the Awards of the Banking Ombudsman are implemented expeditiously and with the active involvement of the Top Management. Further with a view to enhance the effectiveness

- a) Bank will place the awards given by the Banking Ombudsman before the Board to enable them address the issues of systemic deficiencies, if any, existing in the bank brought out by the awards and
- b) Place all the awards remaining unimplemented for more than three months with the reasons thereof before the Board to enable them to take remedial action.

1.2.4. Branch Level Customer Service Committees:

In order to encourage a formal channel of communication between the customers and the bank at the branch level, the Bank will take necessary steps for strengthening the Branch level committees with greater involvement of customers. Branch level Customer Committee will meet at least once in a month to study the complaints/ suggestions and evolve ways and means of improving customer service.

1.2.5. Nodal Department/Official for Customer Service:

Planning & Development Wing will be the Nodal Department for customer service and General Manager, overseeing Planning & Development will be the Nodal Official for customer service at Head Office. At the Regional Office, the Regional Manager will be the Nodal Official for customer service.

1.3. Giving Publicity to the Policies

The Bank will ensure that wide publicity is given to the comprehensive Customer Service Policy, which includes Customer Rights Policy, Deposit Policy, Cheque Collection Policy, Customer Compensation Policy and Customer Grievance Redressal Policy. Bank will place the policy details prominently on the web-site. The customers will be clearly apprised of the assurances of the bank on the services on these aspects at the time of establishment of initial relationship be it as a depositor, borrower or otherwise. Any changes in the policies will also be duly informed to the customers by putting in the bank's web-site or notice board.

1.4. Financial Inclusion:

1.4.1. Basic Savings Bank Accounts:

With a view to achieving the object of greater financial inclusion, the Bank will make available a Basic Savings Bank account with 'nil' or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. The nature and number of transactions in such accounts could be restricted, but made known to the customer in advance in a transparent manner. Wide publicity will be given to BSB account by including them on our web-site and indicating the facilities and charges in a transparent manner. The number of such deposit accounts opened by the bank will be reported to the authorities, periodically.

1.4.2. IT Enabled Financial Inclusion:

Bank endeavors to fully meet the objective of greater financial inclusion with affordable infrastructure and low operational costs with the use of appropriate technology, thereby lowering the transaction costs to make small transactions viable. Bank will scale up its financial inclusion efforts by utilizing appropriate technology. Solutions which are highly secure, amenable to audit and that will follow widely accepted open standards to allow interoperability among the different systems adopted by the different banks will be considered.

1.4.3. Printed Material in Bilingual Form:

In order to ensure that banking facilities percolate to the vast sections of population, bank will make available printed material used by retail customers including account opening forms, pay-in-slips, pass books etc. in English and Malayalam, the Regional Language.

2. PART – B :: CUSTOMER RIGHTS POLICY

2.1. Introduction

Customer protection is an integral aspect of financial inclusion. The following comprehensive Customer Rights Policy based on domestic experience and global best practices is brought out to enhance such protection.

The Customer Rights Policy enshrines basic rights of the customers of the banks regulated by the Reserve Bank of India. It spells out the rights of the customer and also the responsibilities of the Bank. The Policy applies to all products and services offered by the Bank or its Agents, whether provided across the counter, over phone, by post, through interactive electronic devices, on internet or by any other method.

2.2. Right to Fair Treatment

Both the Customer and the Bank have a right to be treated with courtesy. The customer shall not be unfairly discriminated against on grounds such as gender, age, religion, caste and physical ability when offering and delivering financial products.

In pursuance of the above Right, bank will:

- i) Promote good and fair banking practices by setting minimum standards in all dealings with the customers.
- ii) Promote a fair and equitable relationship between the bank and the customer.
- iii) Train Bank Staff attending to the customers, adequately and appropriately.
- iv) Ensure that Staff Members attend to customers and their business promptly and courteously.
- v) Treat all customers fairly and not discriminate against any customer on grounds such as gender, age, religion, caste, literacy, economic status, physical ability, etc. Bank may, however, have special schemes or products which are specifically designed for members of a target market group or may use defensible, commercially acceptable economic rationale for customer differentiation. Bank may also have schemes or products as part of an affirmative action such as for women or backward classes. Such schemes / products will not tantamount to unfair discrimination. The rationale for such special schemes or terms will be explained by bank wherever required.
- vi) Ensure that the above principle is applied while offering all products and services.
- vii) Ensure that the products and services offered are in accordance with relevant laws and regulations.
- viii) While it shall be the endeavour of the bank to provide their customers with hassle free and fair treatment, bank would expect their customers to behave courteously

and honestly in their dealings with the bank. It is observed that in many cases, there is a lapse on the part of the customers in protecting their information regarding account, passwords, Card and PIN etc. In view of the above customers are advised to ensure the following:

- a) Maintaining passwords and PIN numbers secrecy
 - b) Ensuring safety of Credit and Debit Cards
 - c) Proper usage of cheques and safe custody of unused cheques
 - d) Not disclosing cards/accounts information
 - e) Registering of Mobile number and e-mail ID for getting alerts for transactions
 - f) Informing the bank at designated numbers immediately in case of loss of cards
- ix) It shall also be the bank's endeavour to encourage their customers to approach the bank's internal grievance redressal machinery and approach alternate forum after exhausting all their remedies under bank's internal grievance mechanism. In case of any Grievances, Customer may approach the concerned branch office at first level and in case if he is not satisfied with the reply given by the Bank Branch, he shall approach the Chief Customer Service Officer (who acts as an Internal Ombudsman of the Bank for the speedy and satisfactory redressal of the complaints). The details of the CCSO are as below:

The General Manager,
Planning & Development Wing
Kerala Gramin Bank
Head Office, KGB Towers
AK Road, Uphill, Malappuram 676 505.
Tel No. 0483 2735145,
email id : customercare.kgb@keralagbank.com,
pdwing.kgb@keralagbank.com

The availability of CCSO not only provides early and faster redressal of grievances but also saves time in approaching other agencies like BO (Banking Ombudsman) / CDRF (Consumer Disputes Redressal Forum), etc.

2.3. Right to Transparency, Fair and Honest Dealing

The financial services provider (Bank) shall make every effort to ensure that the contracts or agreements, which are framed, are transparent, easily understood by and well communicated to the common person. The product's price, the associated risks, the terms and conditions that govern use over the product's life cycle and the responsibilities of the customer and financial service provider, should be clearly disclosed. The customer should not be subject to unfair business or marketing practices, coercive contractual terms or misleading representations. Over the course of their relationship, the financial services provider cannot threaten the customer with physical harm, exert undue influence, or engage in blatant harassment.

In pursuance of the above Right, the Bank will:

- i. Ensure complete transparency so that the customer can have a better understanding of what he or she can reasonably / fairly expect from the Bank. While maintaining transparency, it shall be ensured by the Bank that no confidential matters will be disclosed;
- ii. Ensure that the Bank's dealings with the customer rest on ethical principles of equity, integrity and transparency;
- iii. Provide customers with clear information about its products and services, terms and conditions, and the interest rates / service charges in simple and easily understandable language, and with sufficient information so that the customer could be reasonably expected to make an appropriate and informed choice of product;
- iv. Ensure that all terms and conditions are fair and set out the respective rights, liabilities and obligations clearly and as far as possible in plain and simple language;
- v. Make known the key risks associated with the product as well as any features that may especially disadvantage the customer to him/her. Most Important Terms and Conditions (MITC) associated with the product or service will be clearly brought to the notice of the customer while offering the product. In general, it will be ensured that such terms will not inhibit a customer's future choice;
- vi. Provide information on interest rates, fees and charges either on the Notice Board in the branches or website or through help-lines or help-desk and wherever appropriate the customer will be informed directly;
- vii. Display the tariff Schedule on their website and a copy of it will be made available at every branch for customer's perusal. Also will display in its branches a notice about the availability of the Tariff Schedule at the branch;
- viii. Give details, in our Tariff Schedule, of all charges, if any, applicable to the products and services chosen by customer;
- ix. Inform the customer of any change in the terms and conditions through the website and Notice Board of the Bank as and when the revised terms and conditions become effective;
- x. Ensure that such changes are made only with prospective effect and the information to the customer is given as and when the changes become effective;

The provision for giving 30 days on making any adverse changes may be made with the following terms;

- a) Notice shall be issued on effecting the adverse changes and not on prior basis.
 - b) The customer shall be given 60 days time to opt out/close the account.
 - c) In case, if the customer opts out/closes the account within the period of 60 days, for such period the revised charge/ interest will be applied.
- xi. Provide information about the penalties that will be levied in case of non-observance / breach of any of the terms and conditions governing the product/ services chosen by the customer;
 - xii. Display on public domain the Banks' Policies on Deposits, Cheque Collection,

Grievance Redressal, Compensation and Collection of Dues and Security Repossession;

- xiii. Make every effort to ensure that staff dealing in a particular product is properly trained to provide relevant information to customers fully, correctly and honestly;
- xiv. Ensure to communicate to the applicant within a reasonable time period as decided by the bank about the acceptance / non-acceptance of applications submitted for availing a product / service and convey in writing the reasons for not accepting / declining the application. Such period will be notified in the bank's website and also in the application of the particular product or service;
- xv. Communicate unambiguously the information about:
 - a. discontinuation of particular products,
 - b. relocation of their offices
 - c. changes in working hours
 - d. change in telephone numbers
 - e. closure of any office or branch

Such information shall be given with advance notice of at least 30 days. Also affirms that disclosure of information is an on-going process through the life-cycle of the product / relationship and will be diligently followed by them. Ensure to use all possible channels of communication, including web-site, to ensure that information on all changes is made known to the customer upfront;

- xvi. Advise the customer at the time of selling the product of the rights and obligations embedded in law and/or banking regulation including the need to report any critical incidents that the customer suspect, discover or encounter;
- xvii. The bank's staff members shall, when approached by the customer for availing a product or service, provide all relevant information related to their product / service to enable the customer to make an informed decision;
- xviii. Not terminate a customer relationship without giving reasonable or contractual prior notice to the customer;
- xix. Assist the customer in all available ways for managing his/her account, financial relationship by providing regular inputs in the bank's realms such as account statements/passbooks, alerts, timely information about the product's performance, term deposits maturity etc.;
- xx. Ensure that all marketing and promotional material is clear and not misleading;
- xxi. Not threaten the customer with physical harm, exert influence or engage in behavior that would reasonably be construed as unwarranted harassment. Ensure adherence only to the normal appropriate business practices;
- xxii. Ensure that the fees and charges on products/services and its structure are reasonable.

2.4. Right to Suitability

The products offered should be appropriate to the needs of the customer and based on an assessment of the customer's financial circumstances and understanding.

In pursuance of the above Right, the Bank will:

- i) Ensure that it has a Board approved policy for assessing suitability of products for customers prior to sale;
- ii) Endeavour to make sure that the product or service sold or offered is appropriate to the customer's needs and not inappropriate to the customer's financial standing and understanding based on the assessment made by it.
- iii) Sell third party products only if it is authorized to do so, after putting in place a Board approved policy for marketing and distributing third party financial products;
- iv) Not compel a customer to subscribe to any third party products as a quid-pro-quo for any service availed from the bank;
- v) Ensure that the products being sold or service being offered, including third party products, are in accordance with extant rules and regulations;
- vi) Inform the customer about his responsibility to promptly and honestly provide all relevant and reasonable information that is sought by bank to enable them to determine the suitability of the product to the customer.

2.5. Right to Privacy

Customers' personal information should be kept confidential unless they have offered specific consent to the financial services provider or such information is required to be provided under the law or it is provided for a mandated business purpose (for example, to Credit Information Companies). The customer should be informed upfront about likely mandated business purposes. Customers have the right to protection from all kinds of communications, electronic or otherwise, which infringe upon their privacy.

In pursuance of the above Right, Bank will:

- i) Treat customer's personal information as private and confidential (even when the customer is no longer banking with us), and, as a general rule, not disclose such information to any other individual/institutions including its' subsidiaries / associates, tie-up institutions etc. for any purpose unless :
 - a) The customer has authorized such disclosure explicitly in writing
 - b) Disclosure is compelled by Law / Regulation;
 - c) Bank has a duty to the public to disclose i.e. in public interest

- d) Bank has to protect its interests through disclosure
 - e) It is for a regulatory mandated business purpose such as disclosure of default to Credit Information Companies or Debt Collection Agencies
- ii) Ensure such likely mandated disclosures be communicated immediately to the customer in writing;
 - iii) Shall not use or share customer's personal information for marketing purpose, unless the customer has specifically authorized it;
 - iv) Shall adhere to Telecom Commercial Communications Customer Preference Regulations, 2010 (National Customer Preference Registry) issued by Telecom Regulatory Authority of India, while communicating with customers.

2.6. Right to Grievance Redress and Compensation

The customer has a right to hold the financial services provider accountable for the products offered and to have a clear and easy way to have any valid grievances redressed. The provider should also facilitate redressal of grievances stemming from its sale of third party products. The financial services provider must communicate its policy for compensating mistakes, lapses in conduct, as well as non-performance or delays in performance, whether caused by the provider or otherwise. The policy must lay out the rights and duties of the customer when such events occur.

In pursuance of the above Right, Bank will:

- i) Deal sympathetically and expeditiously with all things that go wrong;
- ii) Correct mistakes promptly;
- iii) Cancel any charge that has been applied wrongly and by mistake;
- iv) Compensate the customer for any direct financial loss that might have been incurred by the customer due to its lapses.

The Bank will also:

- i. Place in public domain its Customer Grievance Redressal Policy, including the grievance redressal procedure available for the customer;
- ii. Place in public domain the compensation policy for delays / lapses in conducting / settling customer transactions within the stipulated time and in accordance with the agreed terms of contract;
- iii. Ensure to have a robust and responsive grievance redressal procedure and clearly indicate the grievance resolution authority who shall be approached by the customer;
- iv. Make grievance redressal mechanism easily accessible to customers;
- v. Advise the customer about how to make a complaint, to whom such a complaint is to be made, when to expect a reply and what to do if the customer is not satisfied with the outcome;

- vi. Display name, address and contact details of the Grievance Redressal Authority / Nodal Officer. The time limit for resolution of complaints will be clearly displayed / accessible at all service delivery locations;
- vii. Inform the complainant of the option to escalate his complaint to the Banking Ombudsman if the complaint is not redressed within the pre-set time;
- viii. Place in public domain information about Banking Ombudsman Scheme;
- ix. Display at customer contact points the name and contact details of the Banking Ombudsman under whose jurisdiction the bank's branch falls.

Further, the Bank will:

- a. Acknowledge all formal complaints (including complaints lodged through electronic means) within three working days and work to resolve it within a reasonable period, not exceeding 30 days (including the time for escalation and examination of the complaint by the highest ranking internal official responsible for grievance redressal). The 30 days period will be reckoned after all the necessary information sought from the customer is received;
- b. Provide aggrieved customers with the details of the Banking Ombudsman Scheme for resolution of a complaint if the customer is not satisfied with the resolution of a dispute, or with the outcome of a dispute handling process;

In addition, the Bank will:

- a. Clearly spell out, at the time of establishing a customer relationship, the liability for losses, as well as the rights and responsibilities of all parties, in the event of products not performing as per specifications or things going wrong. However, the bank will not be liable for any losses caused by extraneous circumstances that are beyond its reasonable control (such as market changes, performance of the product due to market variables, etc.).
- b. Ensure the customer is refunded without delay and demur, if it cannot show beyond reasonable doubt to the customer on any disputed transaction (along with interest/charges).

3. PART – C :: CUSTOMER PROTECTION POLICY

Limiting Customer Liability in unauthorized Electronic Banking Transactions

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

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.)

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

- a) appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- b) robust and dynamic fraud detection and prevention mechanism;
- c) 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;
- d) appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- e) a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

Reporting of unauthorised transactions by customers to banks

Bank will ask their customers to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts will be sent to the customers irrespective of the transaction amount, while email alerts will be sent, wherever registered. 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 will be 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 has provided customers with access through multiple channels (SMS (24x7) and reporting to home branch (during working hours)) for reporting unauthorised transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. Bank will strive to provide other modes for fraud reporting in future.

Bank will provide customers with the SMS Service number in the transaction alert SMS itself, to instantly respond and the customers do not have to search for a web page or an e-mail address to notify the objection, if any. A direct link for lodging the complaints, with specific option to report unauthorised electronic transactions is provided by bank on home page of their website. The loss/ fraud reporting system will 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. The banks will 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 unauthorised transaction from the customer, bank will take immediate steps to prevent further unauthorised transactions in the account.

Limited Liability of a Customer

(a) Zero Liability of a Customer

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

- a) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer)
- b) 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 will 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**

Type of Account	Maximum liability (Rs.)
<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

Further, if the delay in reporting is beyond **seven working days**, the customer shall bear the full liability.

Overall liability of the customer in third party breaches, as detailed above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in 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 (Rs.)
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 including interest charged/losses suffered, if any

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

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 without waiting for settlement of insurance claim, if any. Bank will, at its discretion, decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The General Manager, Digital Banking Services Wing will be the authority to take decision on such waiving off. The credit will be value dated to be as of the date of the unauthorised transaction.

Further, bank shall ensure that:

- (i) a complaint is resolved and liability of the customer, if any, **within 90 days** from the date of receipt of the complaint, and the customer is compensated as per provisions detailed above;
- (ii) where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation as prescribed above 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.

Burden of Proof

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

Reporting and Monitoring Mechanism

The bank will put in place a suitable mechanism and structure for the reporting of the customer liability cases to the Customer Service Sub-committee of the Board. The reporting will, *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 Customer Service Committee in Head Office will review once in every quarter, 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 will be reviewed by the bank's internal auditors.

4. PART – D :: CUSTOMER COMPENSATION POLICY

3.1. Introduction

The objectives of this Policy is to provide 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.

The Policy covers compensation for financial losses which customer might incur due to deficiency in the services offered by the bank, which can be measured and as such the commitments under this Policy are without prejudice to any right the bank will have in defending the position before any forum duly constituted to adjudicate banker - customer disputes.

3.2. Unauthorized / Erroneous Debit

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

b) In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party, 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.

3.3. ECS Direct Debits/Other Debits to Accounts

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

b) 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, the bank will reverse the charges when pointed out by the

customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

3.4. Payment of Cheques after Stop Payment Instructions:

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

3.5. Crediting of Proceeds of Instruments Expressed in Foreign Currencies:

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

Interest for the delay in crediting proceeds as indicated in the collection policy of the bank. Such compensation shall be paid at the rate of interest applicable to NRE SB a/c in respect of Non-Resident clients and domestic SB a/cs in case of resident customers.

3.6. Remittances in India:

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy, which is reproduced below for information:

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 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) Where the delay in collection of cheques is beyond 14 days i.e. the permitted period for collection, interest will be paid at the rate applicable to term deposits for respective period of delay.
- b) 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.
- c) In the event the proceeds of cheque under collection were to be credited to an overdraft/loan account of the customer, interest will be paid at the rate applicable to the loan account. For extraordinary delays i.e. beyond 90 days delay, then interest will be paid at the rate of 2% above the rate applicable to the loan account.

Note: 1. It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India.

2. The payment of interest for the delay in collection of outstation instruments are not applicable to non-negotiable instruments viz. prize winning lottery tickets and proceeds of matured deposit receipts of other banks etc.

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

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 in writing 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 possible assistance to the customers to obtain a duplicate instrument from the drawer of the cheque. The bank will compensate the account holder in respect of instruments lost in transit in the following way:

- i. In case intimation regarding loss of instrument is conveyed to the customer "beyond" the time limit stipulated for collection i.e., 14 days, interest will be paid for the period exceeding the stipulated collection period at the rates specified above.
- ii. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Fixed Deposit rate to provide for likely further delay in obtaining duplicate cheque/ instrument and collection thereof.

iii. 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 and also reasonable charges incurred for stopping payment of the cheque”.

3.7. Violation of the Code by Bank's Agent

In the event of receipt of any complaint from the customer that the bank's representative / courier 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, bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for financial losses, if any.

3.8. 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 Sponsor Bank, 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. PART – E :: CUSTOMER (COMPLAINTS) GRIEVANCE REDRESSAL MECHANISM

4.1.Introduction

In the present scenario of competitive banking, excellence in customer service is the most important tool for sustained business growth. Ever since the inception, our Bank has attached high priority to customer satisfaction. Over the years, steps have been taken to come out with a number of initiatives aimed at achieving high standards of customer satisfaction and complaint free branch network. Customer complaint is part of the business life of any corporate entity. As a service organization, customer service and customer satisfaction is the prime concern of the Bank. We believe that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. This policy document aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances. The review mechanism will help in identifying shortcomings in product features and service delivery.

The Bank's policy on Grievance Redressal follows the under noted principles:

- Our customers will be treated fairly at all times
- Complaints raised by our customers will be dealt with courtesy and in time
- Our customers will be fully informed of avenues to escalate their complaints/ grievances within the organization and their rights to alternative remedy, if they are not fully satisfied with the response of the bank to their complaints
- Our Bank will treat all complaints efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise.
- Our employees will work in good faith and without prejudice to the interests of the customer.

In order to make Bank's Grievance Redressal mechanism more meaningful and effective, a structured system will function at Branches/Regional Offices/Head Office, which will ensure that redressal sought is just and fair and is within the given framework of rules and regulation.

This policy document will be made available at all branches. All the employees will be made aware about the complaint handling process to ensure better customer service and general awareness in the Bank.

4.2.The Customer Complaint Arises Due To:

- a. The attitudinal aspects in dealing with customers.
- b. Inadequacy of the functions/arrangements made available to the customers or gaps in standards of services expected and actual services rendered.

The customer is having full right to register his complaint if he/she is not satisfied with the services provided by the Bank. He/she can give his/her complaint in writing, orally or over telephone. If customer complaint is not resolved within a given time or if he/she is not

satisfied with the solution provided by the bank, he/she can approach Banking Ombudsman with his/her complaint or other legal avenues available for grievance redressal.

4.3. Internal Machinery to Handle Customer Complaints/Grievances

a. If the customer wants to make a complaint, the Bank will inform:

- Where to make complaint
- How a complaint should be made
- When to expect a reply
- Whom to approach for redressal
- What to do if customers are not happy about the outcome

b. The Bank will inform customers where to find details of procedures for handling complaints fairly and quickly.

c. If the customer complaint is received in writing, we will endeavor to send an acknowledgement/a response within a week.

d. After examining the matter, we will send our final response or explain why we need more time to respond and shall endeavor to do so within 30 days of receipt of complaint and will tell customers to take their complaint further if they are still not satisfied.

4.4. COMPLAINT REDRESSAL MECHANISM

4.4.1. AT BRANCHES

- Suggestion Box and complaint Book are provided in all the branches. Any written complaint is instantly and promptly acknowledged.
- Counter staff are provided with training and additional inputs.
- If counter staff/Supervisor is unable to resolve a grievance, the branch in-charge intervenes and tries to resolve the issue.
- Customers' Day is observed on 15th of every month. On this day branch-in-charge will make himself/herself available at the branch between 3 p.m. and 5 p.m. to meet customers without any prior appointment. Branches / Regional Offices will also constitute Customer Service Committees comprising of Branch Manager, one or two staff members and one or two important Customers of the branch on a select basis like representatives of Senior Citizens, President and Secretary of Farmers' Clubs, SHG leaders, CDS Chairpersons, Ward/Block Members and representatives from various interest groups.
- Committee will meet towards the end of every customer day and discuss the complaints /suggestions received from customers on that day. Wherever decisions are to be taken at branch level, the same shall be initiated and those requiring intervention of higher officers, shall be forwarded to the respective Offices.
- Special Customers' Meet will be conducted on special occasions.

- Every year, Customer Fortnight is observed to create awareness among Public as well as staff for achieving the objective of Complaint free branch network and also highlight our products and services.

4.4.2. AT REGIONAL OFFICES

- Regional Manager holds exclusive charge of Customer Service Section at Regional Office.
- By and large, complaints are redressed within the shortest possible time.
- Whenever it is not possible and more cross checking is required, steps are taken to settle the matter within a reasonable time.
- Regional Managers visit branches periodically and submit a report on Customer Service.
- Regional Manager/ Regional office contact the aggrieved customers as and when necessary, meet him personally with the Branch Manager, for ensuring timely redressal of the complaint.
- Wherever deficiencies are noticed, accountability is fixed and erring employees punished.

Still there may be some aggrieved customers who write to Head office.

4.4.3. AT HEAD OFFICE

- Customer Service Section at Head Office is handled by Planning & Development Wing.
- An acknowledgement is sent to the customer immediately on receipt of the complaint.
- Thorough analysis of the complaints is done and necessary instructions are given to RO/ Branches for speedy redressal and followed up till final redressal letter is sent to the complainant duly explaining the decision taken on the complaint.

4.5. Grievance Escalation System

- Customers can lodge their complaints directly to Branch-in-charge and it will be the responsibility of the Branch-in-charge to resolve the complaint within 7 days from the date of receipt.
- The Branch-in-charge will analyze the complaint and if need be he/she will contact the complainant personally and resolve the complaint.
- A complaint redressal letter will be sent to complainant, if the complaint is resolved at Branch level. The Branch will also send the details of the grievance received by them at periodical intervals to Regional Office.
- If the Branch-in-charge is not able to resolve the complaint within 7 days, the complaint will be referred by the Branches to the concerned Regional Office along with their comments / replies for further action.
- The complaints referred to Regional Office will be analyzed by Regional Manager and based on the explanation received from the Branch, RO will send a suitable reply to complainant.

- If the reply received from the Branch is not satisfactory and if Regional Office cannot resolve the complaint within 7 days from the date of receipt of complaints, the same will be referred to Chairman's Secretariat, Head Office along with their comments / explanations. The Regional Office will also send the details of the complaints received directly by them and not settled within seven days to Head Office along with their comments/replies.
- Head Office will analyze the complaint and the replies received from Branch and Regional Office. On placing the matter before appropriate authorities, a decision is taken on the complaint. A complaint redressal letter is sent to the complainant from Head Office and suitable instructions are passed on to Branch, Regional Office, for taking action in the deficient areas.

4.6. BANKING OMBUDSMAN SCHEME

- a. We have displayed on our website and in all our Branches, a notice explaining that we are covered by the Banking Ombudsman Scheme, 2006 of the Reserve Bank of India.
- b. Within 30 days of lodging a complaint with us, if customer does not get a satisfactory response from us and if customer wishes to pursue other avenues for redressal of grievances, customer may approach Banking Ombudsman appointed by Reserve Bank of India under Banking Ombudsman Scheme, 2006. Salient features of the Banking Ombudsman Scheme, 2006 are displayed in the branch notice boards and the scheme itself is displayed on our Website www.keralagbank.com. If customers face any difficulty our Staff will explain the procedure in this regard.

4.7. Standing Committee on Customer Service

- The committee would be responsible to ensure that all regulatory instructions regarding customer service are followed by the Bank. Towards this, the committee would obtain necessary feedback from Regional Managers/ Functional heads.
- The committee would consider unresolved complaints/grievances referred to it by functional heads responsible for redressal and offer its advice
- The committee would submit report on its performance to the customer service committee of the board at quarterly intervals.

4.8. Nodal Officer and Other Designated Officials to Handle Complaints and Grievances.

4.8.1. At Head Office -Nodal Officer

The General Manager, P&D Wing, Head Office, who is monitoring the implementation of customer service will be the nodal officer for redressing complaints and grievances.

4.8.2. At Regional Offices

The Regional Manager at Regional Offices is handling the complaints received directly from customers of that Region. Customer Service Committees are in place in all the Regional Offices to look into implementation of customer service.

4.9. Mandatory Display Requirements

The Bank has made it mandatory to display the following at Branches for the benefit of our customers:

- Details on appropriate arrangements made for receiving complaints and Suggestions
- The name, address and contact number of Nodal Officer(s)
- Contact details of Banking Ombudsman.
- Details of Code of Bank's commitments to customers/Fair practice code

4.10. Resolution of Grievances

Branch Manager is responsible for the resolution of complaints/grievances in respect of customer's service by the branch. He would be responsible for ensuring closure of all complaints received at the branches. It is his foremost duty to see that the complaint should be resolved completely to the customer's satisfaction and if the customer is not satisfied, then he should be provided with alternate avenues to escalate the issue. If the Branch Manager feels that it is not possible at his level to solve the problem he can refer the case to Regional Office for guidance. Similarly, if Regional Office finds that they are not able to solve the problem such cases may be referred to the Nodal Officer of the Bank.

4.10.1. Time Frame

Complaints received will be seen in right perspective and will be analyzed from all possible angles. Specific time schedule is set up for handling complaints and disposing them at all levels including Branches/Regional Offices and Head Office. The Branch Manager will try to resolve the complaint within the specified time frames decided by the Bank.

TIME SCHEDULE FOR REDRESSAL OF COMPLAINTS

Nature of Complaint / Complaint Received from	Stipulated by Ministry of Finance (MoF) and Adopted by Bank
General Complaints	30 days
Complaints forwarded by RBI/MoF/ MPs/ VVIPs	21 days
Complaints from Prime Minister's Office	15 days

All the complaints received will be acknowledged immediately. In cases where complaints received would require time for examination, the same will be informed to customer through an interim reply.

Branches/Regional Offices will send action taken report on complaints received at their end to Head Office at the end of every month.

4.11. Interaction with Customers

Customer's expectation/requirement/grievances can be better understood through personal interaction with customers by Bank's staff. Structured customer meets will give a message to the customers that the bank cares for them and values their feedback/suggestions for improvement in customer service. Many of the complaints arise on account of lack of awareness among customers about bank services and such interactions will help the customers appreciate the banking services better. The feedback from customers would be a valuable input for revising our product and services to meet customer requirements.

4.12. Sensitizing the Operating Staff on Handling Complaints

Our staff will be properly trained for handling complaints. During all the Training Sessions, the importance of handling complaints is explained to the participants and they are trained to deal with customer complaints. Nodal Officer for the Bank will ensure that internal machinery for handling complaints/grievances operates smoothly and efficiently at all levels and he will be giving feedback on training needs of staff at various levels to the Human Resources Department.

The recent Guidelines regarding the Need for Improvement in Behavioural Attitude of Staff and Awareness about the Technology Products to render effective Customer Service is given in APPENDIX – I for compliance by Branches/Offices.

APPENDIX – I

Need for Improvement in Behavioural Attitude of Staff and Awareness about the Technology Products to render effective Customer Service

- Zero Tolerance approach for misbehaviour of staff towards our customers
- Staff to be aware about the Technology Products and popularize the same
- Measures to be taken for better rating in respect of the incognito visit of the Banking Codes and Standards Board of India (BCSBI)
- Rendering of Courteous and prompt customer service

A satisfied customer is an asset to the Bank, as he/she acts as an ambassador for the Bank. The Banking Industry is very competitive at present. With the advancement of technology, all the banks are offering more or less similar products/services. Hence, success of any organization largely depends on the effective customer service rendered at every level.

Kerala Gramin Bank has a good brand equity as a customer friendly Bank. We are committed to increase our customer base by extending best customer service. But feedback/complaints from some of the customers reveal that their experience during their visits at the branches are unpleasant due to lack of courteous behaviour and prompt service. Of late, we are receiving many complaints through Reserve Bank of India, GOI, Sponsor Bank, etc. alleging misbehaviour of staff towards the customers. These complaints are regularly monitored by the Competent Authorities of our Bank. Recently, during the review of customers complaints forwarded by RBI, there are instances of misbehavior towards the customers in a few of our branches. Such misbehaviour/inappropriate behaviour towards the customers in branches/offices of our Bank not only dents our image as a customer friendly bank but also keeps the **gen "y"** customers away from our fold. The Bank has a zero tolerance approach for such misbehaviour of staff towards our customers.

Head Office has issued many guidelines, circulars and communications for improvement of customer services, behaviour of staff at branches/offices. In spite of taking all these initiatives for motivating our staff, some unpleasant incidents are occurring at branches which are affecting the good image of our Bank.

In order to avoid such common complaints, we are reiterating the following tips which are to be adhered to by each and every employee, branch/office of the Bank;

- Staff to be punctual. They should occupy their respective seats before the commencement of Business Hours of the Bank.
- Whenever customers approach the counter, they should be guided properly.
- The ambience of the branch should be neat & clean. Wherever support is required from Regional Office, branch has to take up the issue before hand.
- Comprehensive notice board displaying the required information, for Complaints and Grievance Redressal, information regarding Names of the Concerned Officials with

phone numbers are to be displayed in the branch premises.

- Take due care towards the Senior Citizens and pensioners and deal with empathy. Priority services may be provided to the Senior Citizens and Differently Abled persons.
- Customers should not be asked to come later/next day for any service by the counter staff. The case may be referred to the Branch-in-charge or Senior Officer of the Branch.
- Avoid to speak **"NO"** or **"NOT POSSIBLE"** at the counter.
- Organize monthly customer meet as per the schedule. Organize a demo on Technology Products of our Bank regularly with the help of Regional Office/Head Office.
- Discuss the Circulars during monthly staff meet without fail.
- Maintain complaint register in the branch, inward it serially and redress the complaint, if it can be redressed at the branch level.
- Take the help of the Region or Head Office if the grievances are not resolved at the branch level.
- **Of late, the incidents of rude behaviour by staff towards customers are increasing. Bank has zero tolerance approach towards rude/misbehaviour of staff towards customers.**

These are only indicative tips. Branches can initiate appropriate steps for rendering best customer service at their end.

All the employees shall be updated with the latest information regarding our products including Technology Products and Services. Initially Staff may use our Tech Products first then popularize the same to our customers.

All the staff, branches/offices is requested to ensure courteous and prompt customer service at all times without any laxity or deviations and not giving any scope for customer complaints.
