



JANAKALYAN SAHAKARI BANK LTD
MODEL COMPENSATION POLICY

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. It will be **Janakalyan Sahakari Bank's** endeavor to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1st November 2004, had offered bank further opportunities to increase its efficiency for better performance.

The policy covers only compensation for financial losses which customers might incur or have incurred due to deficiency in the services offered by **Janakalyan Sahakari Bank Ltd (Herein after referred to as "THE BANK")** which can be measured directly and as such the commitments under this policy are without prejudice to any right the bank will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

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 or have incurred 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



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customer has to approach Banking Ombudsman or any other Forum for redressal to come down significantly.

This Compensation policy of the bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending, etc. The policy is based on principles of transparency and fairness in the treatment of customers.

THE POLICY DOCUMENT COVERS THE FOLLOWING ASPECTS:

1. UNAUTHORIZED / ERRONEOUS DEBIT:

If the bank has raised an unauthorized/erroneous direct debit to an account, the entry will be reversed immediately and give value dated credit 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 attracting charges due to default in the minimum balance maintained as 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 financial losses.

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.



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. **e.g.** In case balance in the account goes below the stipulated minimum balance requirement due to wrong debit in the account, in such cases wrong amount debited along with minimum balance charges will be required to be reversed in the account. In addition to above, if the customer has suffered any other consequential financial loss, the bank will compensate the customer to the extent of such financial loss.

2. ECS DIRECT DEBITS /OTHER DEBITS TO ACCOUNTS:

The bank will undertake to carry out Direct Debit/ECS debit 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.

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 giving value-dated credit 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. **e.g.** Standing instruction for transfer of amount from Saving account to loan account is delayed by 10 days. The bank may be required to reverse the interest on delayed credit to loan amount. In addition to above, if the customer has suffered any other consequential financial loss, the bank will compensate the customer to the extent of such financial loss.



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3. 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. Such debits will be reversed within 2 working days of the customer intimating the transaction to the bank. Any consequential financial loss to the customer will also be compensated. **e.g.** In case a cheque is honored by the bank after acknowledgement of stop payment instruction, in such cases wrongly debited cheque amount plus loss of interest due to reduction in the balance in account will have to be refunded to the accountholder. In addition to above, if the customer has suffered any other consequential financial loss, the bank will compensate the customer to the extent of such financial loss.

4. FOREIGN EXCHANGE SERVICES:

The bank is not authorized to deal foreign exchange transactions directly. The bank is having tie up with some other banks to carry out foreign exchange transactions. Therefore, the Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is the bank's experience that time for collection of instruments drawn on banks in foreign countries 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.

However, the bank will compensate the customer for undue delays in affording credit once the proceeds are credited to the account of our bank by other bank with which we are having tie up for foreign exchange transactions. The compensation in such cases will be restricted to interest for the delay in crediting the proceeds. **e.g.** In case inward remittance amount is credited in our bank



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account by other bank with which we are having tie up for foreign exchange facilities and if the said amount is not credited by us within next working day. In such cases, we will have to refund the interest for the delayed period to accountholder.

5. 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 of instruments in case there is delay in giving credit. Such interest shall be paid without any demand from customers in all types of accounts. Further, bank will also reverse the penalty charged, if any for minimum balance in deposit accounts or overdue interest charged on loan accounts by giving value date credit. 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.

In compliance with the orders of National Consumer Dispute Redressal Commission (NCDRC), all banks have to conform to the timeframe prescribed by them namely:

- a) a) For local cheques, credit shall be given on the same day or at the most, on the next day of their presentation in clearing. If there is any delay in realization of local cheque when there is deficiency in giving service and not due to circumstances beyond control of the bank e.g. non participation in clearing etc., compensation at saving bank interest rate shall be paid for the corresponding period of delay in case of deposit accounts. In case of delay in crediting, the amount to advance accounts beyond the date of actual realization of cheque, then interest for the delayed period will be paid at which interest is charged on advances account.



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- b) Timeframe for collection of cheques drawn on state capitals / major cities / other locations will be 7/10/14 days respectively.

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

- 1) Savings Bank rate for the period of delay up to 14 days beyond 7/10/14 days as the case may be in collection of outstation cheques.
- 2) Where the delay is beyond 14 days after the above-mentioned period of 7/10/14 days, then interest will be paid at the rate applicable for term deposit for the corresponding respective period or Saving Bank rate, whichever is higher.
- 3) In case of extraordinary delay, i.e. delays exceeding 90 days beyond 7/10/14 days, then interest will be paid at the rate of 2% above the corresponding Term Deposit rate.
- 4) 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 as mentioned above. For extraordinary delays exceeding 90 days beyond 7/10/14 days, then interest will be paid at the rate of 2% above the rate applicable to the loan/overdraft account.

6. COMPENSATION FOR LOSS OF 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.

In line with the compensation policy the bank will compensate the accountholder in respect of instruments lost in transit in the following way:



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- a) In case of loss of instrument and the time taken to actually credit the amount after getting the duplicate cheque/instrument drawn on state capitals/major cities/other locations (7/10/14 days as the case may be) interest will be paid for the period beyond the stipulated collection period at the rates specified above for delayed collection of local/outstation cheques.
 - b) The Bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque. This would be applicable only to instruments drawn in Indian rupees and payable within India.
 - c) The bank would also compensate the customer for all reasonable charges attracted/expenses incurred incidental to obtaining such duplicate cheque/instrument in the event the instrument is to be obtained from bank or any other institution e.g. Fee charged for issue of duplicate instrument, cost of stamp paper etc.

7. ISSUANCE OF DUPLICATE DEMAND DRAFT:

The bank will issue duplicate draft within a fortnight from the receipt of such request from the purchaser thereof at the branch.

For any delay caused by the Bank in issuing duplicate draft beyond the above stipulated period, the Bank will pay interest at the rate applicable for fixed deposit of corresponding period as compensation to the customer for such delay. **e.g.** Duplicate demand draft was given to customer on 24th day after getting the request from the customer. In such case interest at fixed deposit rate for 10 days will be paid by the bank.



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8. VIOLATION OF THE CODE BY BANKS AGENT:

In the event of receipt of any complaint from the customer that the bank's representative/courier or DSA has engaged in any act of omission/commission related to banking transaction, then the bank shall take appropriate steps to investigate the matter and communicate the findings to customer within 7 working days from the date of receipt of complaint. Wherever justified, the customer will be compensated for financial loss subject to providing proper supporting document.

9. FUNDS TRANSFER USING NEFT / RTGS:

In cases where it is not possible to afford the credits to the beneficiary account within the prescribed time line without any valid reasons, customer will be compensated for the delayed period of credit at the rate of RBI LAF repo rate + 2% in terms of RBI guidelines on payment of interest for delay in affording credits / return of RTGS / NEFT transactions.

10. SETTLEMENT OF ATM FAILED TRANSACTION:

RBI vide circular RBI/2010-11/547 DPSS No.2632/02.10.002/2010-2011 dated. 27.05.2011 revised the guidelines on settlement of ATM failed transactions. As per the revision, the time limit for resolution of customer complaints for settlement has been reduced from 12 working days to 7 working days from the date of receipt of customer complaint. If the Bank fails to re-credit the customer's account within 7 working days of receipt of complaint, then the issuing Bank would be liable for payment of compensation to the customer @ Rs. 100/- per day. Customer is entitled to receive such compensation for delay, only if a claim is lodged with the issuing bank within 30 days from the date of transaction.



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11. REVERSAL OF ERRONEOUS DEBITS ARISING ON ACCOUNT OF FRAUDULENT TRANSACTIONS:

In case of any fraud, if the Bank is convinced that an irregularity/fraud has been committed by its staff towards any constituent it would acknowledge its liability and pay the said amount giving value date credit.

In cases where neither the Bank nor the customer is at fault, but the fault lies elsewhere in the system, the Bank would compensate the customer for an amount of 25% of the loss incurred by the customer subject to an upper limit of Rs. 25,000/- on providing proper supporting document. **e.g.** An amount of Rs. 20,000/- fraudulently withdrawn from the account of our customer through A.T.M. of other bank, in such case bank will pay an amount of Rs. 5,000/- (25% amount).

12. RETURN ALL THE SECURITIES / DOCUMENTS / TITLE DEEDS OF THE MORTGAGED PROPERTY:

The bank would return to the borrowers all the securities/documents/title deeds of the mortgaged property within 15 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will have to give due notice with full particulars about the other claims and retain the securities / documents / title to mortgaged property till the relevant claim is settled /paid.

In case of any failure to comply with these and if it is directly attributable to the Bank, the Bank shall compensate the customer to the extent of the financial loss not exceeding Rs. 1,000/- for the occasion /case subject to providing proper supporting documents for having incurred the loss inclusive of any service charges in this behalf, shall also be refunded. In the event of loss of title deeds to mortgage property at the hands of the bank, the compensation will cover out of pocket expenses for obtaining duplicate documents plus a lump sum amount as decided by the bank.



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13. 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 labor 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.

14. Limited Liability of a Customer:-

(a)	Zero Liability of a Customer	A customer's entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events: 1) Contributory fraud/ negligence/deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer). 2) 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 unauthorized transaction.
(b)	Limited Liability of a Customer	A customer shall be liable for the loss occurring due to unauthorized transactions in the following cases:- 1) 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 unauthorized transaction to the bank any loss occurring after the reporting of the unauthorized transaction shall be borne by the bank. 2) In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but



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lies elsewhere in the system and the customer notifies the bank of such a transaction within **four to seven working days** of receiving a communication of the 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

Type of Account	Maximum Liability Rs.
Basic Saving Bank Deposit Account.	5000.00
<ul style="list-style-type: none">All other Saving Bank AccountPre-paid Payment instruments and gift cardsCurrent/Cash Credit/Overdraft Accounts of Medium and small enterprisesCurrent Accounts/Cash Credit/Overdraft Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakhCredit cards with limit up to Rs. 5.00 lakh	10000.00
All other Current/Cash Credit/Overdraft Accounts.	25000.00

c)	In case delay in reporting is beyond Seven Working days by customer	100% liability of customer .
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(d)	Customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence.	100% liability of customer.
(e)	In case of debit card / bank account, - Interest compensation from date of occurrence till credit given to customer.	Bank will pay interest to Saving Banking customers from date of occurrence till date credit to customer.

Overall liability of the customer in third party breaches is summarized below:-

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer Liability
Within 3 working days	Zero Liability
Within 4 to 7 working days	Transaction value or the amount mentioned in the Table 1 whichever is lower
Beyond 7 working days	100% liability of customer

In the above proposition, the number of working days shall be counted excluding the date of receiving the communication from customer.

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

- 1) On being notified by the customer, 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. In this respect, bank will **lien mark the compensation amount in the said accounts till the complaint is completely resolved.**



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2) Further , Banks shall ensure that :-

- A complaint is resolved and liability of the customer , if any established and the customer is compensated as specified above with in a period not exceeding 90 days from the date of receipt of the complaint.
- Where banks unable to resolve the complaint or determine customer liability, if any within 90 days, the compensation as prescribed above is paid immediately to the customer.

Reporting of unauthorized transactions by customers to Banks:-

In terms of Reserve Bank of India guidelines /instructions, following obligations on part of customers as well as banks to measure the liability arising out of these transactions.

Obligations of Customers	Obligations of Banks
The customers to provide mobile number and mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions.	1) The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered. 2) Further, the bank may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank
The customers should notify any unauthorized electronic banking transaction at the earliest after the occurrence of such transaction.	1) Bank must provide customers with 24x7 access through multiple channels (at a minimum, via website, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc.) for reporting unauthorized transactions that have taken place and/ or loss or theft of payment instrument such as card, etc. In this respect , customers are requested lodge complaint as under:- a) On bank toll free number 1800 22 5381 b)Banks email ID complaints@jksbl.com C) Written complaint with Home Branch.



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	<ol style="list-style-type: none">2) 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.3) On receipt of report of an unauthorized transaction from the customer, bank will take immediate steps to prevent further unauthorized transactions in the account
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15. CONCLUSION

This policy is based on the RBI directions issued from time to time and holds good till further review. It explicitly covers compensation for financial losses which customers might incur due to deficiency in the services offered by the bank. The bank will have the right in defending its position before any forum duly constituted to adjudicate banker-customer disputes.