

Aditya Birla Idea Payments Bank Limited

Policy on Customer Compensation

Review Date: July, 2018

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1. Introduction

The Master Circular on Customer Service in Banks dated July 01, 2015 in clause 3.3 states the requirement for banks to have a well-documented Customer Compensation Policy duly approved by their Boards.

Aditya Birla Idea Payments Bank Limited (hereinafter referred to as “the Payments Bank”), believes in fair treatment of its customers. The Payments Bank promotes ethical behaviour based on the principles of integrity and transparency by staff towards its customers. It seeks to offer customer quality services and shall endeavour to ensure that the customers do not face any challenges while utilizing any products or services.

In case of any customer grievances, the customers shall be free to voice their grievances through the Grievance Redressal machinery as documented in the Customer Grievance Redressal Policy of the Payments Bank. This policy seeks to document the principles on which customers will be compensated for defects/deficiencies in products/services. This policy shall also cover the incidents of any product/service sold to the customer which was not the satisfaction of the customer.

2. Objectives of the Policy

The prime objective of this policy document is to establish a system whereby the Payments Bank shall compensate the customer due to a defect/deficiency in products/services on the part of the Payments Bank or for any act of omission or commission, directly attributable to the Payments Bank and its employees.

The key objectives of the Customer Compensation Policy are to:

- Put in place a central document in which compensation under other policies are covered
- Lay down a framework for compensating customers in different types of scenarios without demur, which is in line with the regulatory requirements
- Ensure that the Payments Bank employees at all levels are aware of the policy of the Payments Bank in this regard, so that dealings with the customer is uniform across geographies and types of customers and is based on transparent standards/procedures.
- Increase the customer satisfaction levels by compensating the customer suo moto, thereby reducing the number of customer complaints, Banking Ombudsman awards, etc.
- Communicate the policy clearly to the customer that the Payments Bank shall be liable only to the extent of direct financial loss suffered by the customer and the timelines within which the customer shall be compensated
- Creating awareness about the risks and responsibilities involved in electronic banking transactions and the customer liability in cases of such unauthorised electronic banking transactions.

This policy document shall include compensation related to the following scenarios:

- a. Erroneous Debits arising on fraudulent/unauthorised or other transactions through any channel
- b. ECS direct debits/other debits to accounts
- c. Payment of cheques after issuance of 'Stop Payment' instruction
- d. Payment of interest for delays in cheque collection
- e. Cheques/Instruments lost in transit/ in clearing process or at branch/other access points
- f. Payment of interest for delay in issue of duplicate draft
- g. Delay in crediting failed ATM transactions
- h. Delay in affording credits and/or return of transactions
- i. Force Majeure
- j. Other unauthorised actions of the Payments Bank leading to a financial loss to customer
 - Mis-selling of third party products
 - Timelines for payment of compensation amount
 - Violations of Code of Commitment to Customer by the Payments Bank's agents

3. Applicability of the Policy

The policy will be applicable to all the staff, whether or not customer facing. The policy shall cover all customers of the Payments Bank irrespective of the product/ service they may have availed. The policy document shall cover the details of the procedure the employees at the Payments Bank need to follow when compensation is to be paid in respect of any complaint. The policy will also apply to Business Correspondents (BCs)/ CSPs (Agents) and shall be applicable in respect of all customers catered to at access points or by BCs/ CSPs (Agents) of the Payments Bank. The policy will cover all the products and services offered by the Payments Bank including third party products distributed by the Payments Bank and will be placed on the Payment Bank's website.

Grant of compensation under this Policy is without prejudice to the Payments Bank's rights in defending its position before any Court of Law, Tribunal or any other forum duly constituted to adjudicate banker-customer disputes and does not constitute admission of liability or any other issue, of any nature whatsoever for the purposes of adjudicatory proceedings.

4. Governance Structure

In line with RBI Guidelines¹, the Payments Bank will have a grievance redressal mechanism at three levels, i.e. the Board, Head Office, Circle/District Level and Access Points.

- The Customer Service Committee at the Board level shall assess and review the overall implementation of customer service policies and initiatives.
- The Nodal Grievance Redressal Officer shall serve as a focal point for driving the implementation of customer service policies and initiatives and shall act as a bridge between the various units of the Payments Bank and Customer Service Committee of the Board.
- The Circle/District Level Grievance Officers shall act as a formal channel of communication between the customers and the Payments Bank and support agent supervision.

The detailed responsibilities of each of the aforesaid are elaborated below:

4.1 Customer Service Committee of the Board

The Customer Service Committee is responsible to oversee the implementation of service initiatives and customers compensation across the Payments Bank. The Committee meets once each quarter and formulates policies on customer service, customer experience and customer compensation, assesses the customer service governance structure and suggests improvements to the quality of Customer Services based on inputs from within the Payments Bank and from customers of the Payments Bank.

4.2 Grievance Redressal Cell (GRC) & Nodal Grievance Redressal Officer

The Payments Bank shall set up a Grievance Redressal Cell at its Head Office to oversee the implementation of the customer complaint handling mechanism of the Payments Bank. The cell shall be headed by a Nodal Grievance Redressal Officer. The Payments Bank shall also appoint a concerned officer for each of the Circle/District level Offices to ensure smooth resolution of customer grievances. The concerned officer shall be the point of contact with whom the Banking Ombudsman and RBI can liaise for resolution of customer complaints.

The Grievance Redressal Cell shall ensure that the following details are displayed at all access points (including branches, CSP locations) and on the website of the Payments Bank:

¹ i. RBI circular on Operating Guidelines for Payments Banks (RBI/2016-17/80 DBR.NBD. No.25/16.13.218/2016-17) dated October 6, 2016

ii. RBI circular on 'Master Circular on Customer Service in Banks' (RBI/2015-16/59 DBR No.Leg.BC. 21/09.07.006/2015-16) dated July 1, 2015

- Names of officials who can be contacted for redressal of complaints along with direct telephone number, fax number, complete address and email address
- Details of the Head of Grievance Redressal Cell and concerned officers at each of the regions
- Names and other contact details of CEO/MD and other business heads to enable customers to approach them if required
- Contact details of the Banking Ombudsman Offices in the respective areas

4.3 Circle/District Level Customer Service Officers (Area Bank Managers)

The Circle/District Level Customer Service Officers (Area Bank Managers) will be responsible for strengthening the customer service at the Circle/District level, through interaction with a diverse set of customers. These officers will schedule monthly interactions with customers at the Circle/District level to identify and understand customer grievances, cases of delays in receipt of remedial action and other difficulties faced by the customers. It also provides a forum for customers to provide their feedback/suggestions and enable the Payments Bank in working towards evolving its processes to improve customer service.

On a quarterly basis, the Circle/District level officers will review the audit findings of the services rendered to the customers

The Circle/District Level Customer Service Officers may also submit quarterly reports providing inputs/suggestions to the Nodal Grievance Redressal Officer to examine them and provide relevant feedback to the Customer Service Committee of the Board for necessary policy/procedural action.

5. Recognition of Deficiency and Compensation

5.1 Erroneous debits arising on fraudulent / unauthorised or other transactions through any channel

- Customers shall be advised to notify the Payments Bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and inform that the longer the time taken to notify, the higher will be the risk of loss to the customer
- In case of any fraudulent encashment/debit, the Payments Bank shall compensate its customer without demur if it is evident that an irregularity/ fraud had been committed by its staff towards the customer (irrespective of whether or not the transaction is reported by the customer). The amount of compensation shall be the amount of debit with the direct financial loss (savings bank interest, or levy of charges on account of non-maintenance of balance or dishonour of cheques/ ECS/ NEFT etc., due to insufficient balance on account of such debit) to the customer.
- In case of third party breaches where the deficiency lies neither with the Payments Bank nor with the customer but lies elsewhere in the system, and the customer notifies the Payments Bank
 - Within three working days of receiving the communication from the Payments Bank regarding the unauthorised transaction, the liability lies with the Payments Bank.
 - Within four to seven working days after receiving the communication from the Payments Bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amounts as described below:

Table 1

Type of Account	Maximum liability (INR)
<ul style="list-style-type: none"> • All other SB accounts • Pre-paid Payment Instruments f • Current Accounts of MSMEs • Current Accounts of Individuals with annual average balance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh 	10,000
<ul style="list-style-type: none"> • All other Current Accounts 	25,000

Beyond seven working days after receiving the communication from the Payments Bank of such transaction, the customer is liable is to the extent of the loss the customer has suffered <

- Overall liability of the customer in case of third party breaches as defined above, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised below:

Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's liability
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's Board approved policy

The number of working days mentioned in the above table shall be counted as per the working schedule of the Bank of the customer excluding the date of receiving the communication.

- In case if the verification of the erroneous entry does not require verification from a third party, the Payments Bank shall arrange the verification of the entry within 7 working days from the date of reporting the erroneous debit. However, if the verification involves a third party, the Payments Bank shall ensure completion of the verification process within 1 month from the date of reporting of the erroneous debit.
- In cases where the loss is due to negligence by the customer, such as where he/she has shared the payment credentials, the customer will bear the entire loss until he/she reports the unauthorised transaction to the Payments Bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the Payments Bank.
- On being notified by the customer, the Payments Bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). The credit shall be value dated to be as of the date of the unauthorised transaction.
- Banks may also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence
- The Payments Bank shall ensure that all complaints are resolved within 90 days from the date of receipt of the complaint and in cases where the Payments Bank is unable to resolve the complaint within 90 days, the prescribed compensation shall be paid to the customer.
- Further, the Payment Bank will ensure 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.
- The burden of proving customer liability in case of unauthorised electronic banking transactions shall lie on the Payments Bank.

5.2 ECS (Electronic Clearing System) direct debits/ other debits to accounts

- If the Payments Bank fails to carry out the direct debit/ ECS instructions of customers, it shall compensate the customer to the extent of direct financial loss as defined above in para 5.1, if any, that the customer shall be subject to on delay/ failure in carrying out the debit instruction.
- If the Payments Bank levies any service charges or other fees which are not as per the tariff schedule, terms and conditions governing the product and/or the agreement of the Payments Bank with the customer, it shall reverse the charges after verification and compensate the customer to the extent of any direct financial loss to the customer on account of such levy of charges.

5.3 Payment of cheques after 'Stop Payment' instructions

- In case a cheque is cleared after 'Stop Payment' instructions have been received and acknowledged by the Payments Bank, it shall reverse the transaction within 2 working days from the date of reporting by the customer and give value-dated credit to the customer's account. The Payments Bank shall also compensate the customer towards the direct financial loss suffered by the customer on account of such debit.

5.4 Payment of interest for delays in cheque/instrument collection

- The Payments Bank shall be liable to compensate the customer in case of any delay in local and/or outstation cheques. The Payments Bank shall compensate the customer without demur, in the form of interest on the amount of the instrument if there is any delay in giving credit beyond the stipulated time period, without any distinction between instruments drawn on the Payments Bank's own branches or on other Banks for the purpose of payment of interest on delayed collection.
- The Payments Bank shall pay interest for delayed collection at the following rates:
 - Savings Bank Deposit rate for the period of delay up to 90 days² as the case may be in collection of outstation cheques.
 - In case of extraordinary delay, i.e. delays exceeding 90 days interest will be paid at the rate of 2% above the corresponding Savings Bank Deposit rate.

5.5 Cheques/Instruments lost in transit/ in clearing process, branch or partner location

- If a cheque/instrument accepted for collection is lost in transit or in clearing process, branch or at the partner location, the Payments Bank shall immediately inform the account holder so that the drawer can be informed to record stop payment. The Payments Bank shall also request the customer to ensure that other cheques issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instrument.

² The RBI Master Circular on Customer Service in Banks requires the term deposit rates to be applied if there is a delay of more than 14 days. However, as Payments Banks are not permitted to issue term deposits, the interest rate on savings bank account deposits will be applied

- The Payments Bank shall pay interest for the period exceeding the stipulated collection period at the rates specified in the cheque collection policy. In addition, the Payments Bank shall pay interest on the amount of the cheque for a further period of 15 days at the savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- The Payments Bank shall also compensate the account holder for any direct charges the customer incurs in getting duplicate cheques/instruments, upon production of relevant documentary proof.

5.6 Payment of interest for delay in issue of duplicate draft

- In case of loss of demand draft, the Payments Bank shall issue a duplicate draft, in lieu of lost draft within a fortnight from the receipt of such request. For any delay beyond the stipulated period, the Payments Bank shall pay interest at the rate applicable for savings bank account as compensation to the customer, provided the request for the duplicate demand draft is made by the purchaser/ beneficiary only. The compensation shall not be available if the draft is endorsed to third parties.

5.7 Delay in affording credit and/or return transactions

- If the Payments Bank fails to meet the RBI/ACH prescribed timelines with respect to NEFT/ECS/ACH transactions, the Payments Bank shall compensate the customer to the extent of penal interest at the RBI LAF Repo Rate plus 2% from the due date of credit till the date of actual credit for any delayed credit to the customer's account. Penal interest shall be credited to the beneficiary's account even if no claim is lodged.
- In case of delay in credit on the same day for RTGS transactions, compensation shall be paid to the customer for one day. In the event of any delay or loss on account of error, negligence or fraud on the part of an employee of the Payments Bank in the completion of funds transfer pursuant to receipt of payment instruction by the Payments Bank leading to delayed payment to the customer, the Payments Bank will pay compensation at current RBI LAF Repo Rate plus 2% for the period of delay.
- In the event of delay in return of the funds transfer instruction for any reason whatsoever, the Payments Bank will refund the amount together with interest at the current RBI LAF Repo Rate plus 2% till the date of refund. In case of delay in return of funds on the same day for RTGS transactions, compensation shall be paid to the customer for one day.

5.8 Delay in crediting failed ATM transactions

- In case if there is a debit to the customer's account but the cash is not dispensed through the ATM and the account is wrongfully debited, the Payments Bank shall be liable to reverse the transaction within 7 working days from the date of receipt of the customer complaint.
- Further, the Payments Bank shall compensate the customer without demur if the transaction is not reversed within the stipulated time period at Rs. 100, per day. This Bank shall pay such compensation together with the credit of the failed ATM

transaction. Any customer is entitled to receive such compensation for delay, only if a claim is lodged with the Payments Bank within 30 days of the date of the transaction.

5.9 Force Majeure

- The Payments Bank shall not be liable to compensate customers for delayed credit if the Payments Bank's or its correspondent Bank's facilities are damaged due to unforeseen events (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God", war), due to which the Payments Bank is not able to perform its obligations within the specified service delivery parameters.

5.10 Other unauthorised actions of the Payments Bank leading to a financial loss to customer

Mis-selling of third party products

With respect to mis-selling, the Payments Bank shall take appropriate steps to investigate any disputes related to insurance/ investment distribution and ascertain if there were any violations of the Policy on Mis-selling. The Payments Bank shall compensate the customer to the extent of the direct financial loss suffered by him on account of the transaction, post ascertaining all the facts and documents available. However, the Payments Bank shall not in any event compensate for any notional losses on account of the transaction.

Timelines for payment of compensation amount

If the Payments Bank is liable to pay any compensation under this policy, the same will be paid to the customer within 7 days from the completion of the investigation.

Violations of Code of Commitment to Customer by the Payments Bank's agents

In the event of receipt of any complaint from the customer that the Payments Bank's authorised representatives such as Business Correspondents (BCs), Direct Sales Associates (DSAs), etc. have engaged in any improper conduct or acted in violation of any Code adopted by the Payments Bank, it shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for direct financial loss.

6. Record Keeping

The records pertaining to customer complaints shall be maintained for a minimum period of eight years from the date of resolution. Moreover, timely backup of system data of complaints shall be taken to ensure availability of data at all times.

7. Reporting Requirement

The following matters should be reported to the Customer Service Committee with respect to customer compensation:

- Audit findings on quarterly basis of the services rendered to the customers
- Results of annual survey of customer satisfaction
- Trend analysis of the category of complaints for which compensation is paid/payable
- Statement of complaints along with an analysis of the complaints
- Position of pending complaints against the Payments Bank with the BO offices/ Consumer Courts/ Courts
- Report on the unauthorised electronic banking transactions reported by customers or otherwise and the actions taken.

The Committee shall report to the Board, on a periodic basis, the following key aspects of customer service:

- Changes required in products/services/procedures to avoid payment of compensation
- Instances of mis-selling of products
- Position of complaints against the Payments Bank with the Banking Ombudsman and Consumer Courts
- Root cause analysis of the top five complaints category for each quarter
- Customer liability cases with details around 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. All such transactions shall be reviewed by the bank's internal auditors.

The Committee shall present to the Board a detailed memorandum to the Board on a half-yearly basis on the customer care aspects which shall also include the details of the compensation paid during the year and the number of complaints for which compensation was paid.

8. Policy Review and Updates

This Board approved policy will be reviewed as and when required or at least on an annual basis for incorporating changes and regulatory updates, if any, in overall grievance redressal mechanism, to improve customer experience and satisfaction.

9. Regulatory References

Name of the circular/statute	Circular reference / Statute section	Circular issuance date (last updated on)	Circular issuing authority
Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions	RBI/2017-18/15 DBR.No.Leg.BC.78/0 9.07.005/2017-18	July 06, 2017	RBI (DBR)
Operating Guidelines for Payments Banks	RBI/2016-17/80 DBR.NBD.No.25/16. 13.218/2016-17	October 6, 2016	RBI (DBR)
RBI Master Circular – Customer Service in Banks	RBI/2015-16/59 DBR No.Leg.BC.21/09.07. 006/2015-16	July 1, 2015	RBI (DBR)
Model Customer Compensation policy	NA	NA	IBA
IBA Model Customer Rights Policy	NA	NA	IBA

10. Glossary

ATM	Automatic Teller Machine
BCS	Business Correspondent
CEO	Chief Executive officer
CSP	Customer Service Point
ECS	Electronic Clearing Services
GRC	Grievance Redressal
IBA	Indian Banks Association
LAF	Liquidity Adjustment Fund
MD	Managing Director
NEFT	National Electronic Funds Transfer
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement