

slice small finance bank ltd.

**Customer compensation
and
Limited liability of customers in unauthorized
electronic banking transaction policy**

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Customer compensation and limited liability of customers in UEBT policy**1 Introduction**

At slice small finance bank ltd erstwhile North East Small Finance Bank, we are committed to delivering fair and responsible financial solutions, particularly to the underserved sections of society. Guided by principles of integrity and transparency, we foster ethical behavior among our staff to ensure our customers are treated with respect and care.

We believe that exceptional customer service is a cornerstone of sustained business growth. Our goal is to provide seamless, efficient, and high-quality service at every interaction, fostering satisfaction and trust with our customers. Prompt and reliable service is vital for nurturing long-term relationships and achieving customer delight.

This policy outlines our approach to customer service and the associated compensation framework in adherence to RBI guidelines. It consolidates and builds upon our existing policies, including:

1. Customer compensation policy
2. Policy on Limited liability of customers in unauthorized electronic banking transactions (UEBT)

Through this policy, we reaffirm our commitment to putting customers at the heart of our operations while addressing their concerns effectively and responsibly.

2 Customer compensation policy**2.1 Introduction**

slice small finance bank ltd (hereinafter referred to as “the Bank”), believes in fair treatment of its customers and providing responsible finance to the lesser served sections of the society. The Bank promotes ethical behaviour based on the principles of integrity and transparency by staff towards its customers. The Bank 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 Bank. This policy seeks to document the principles on which customers will be compensated for any defect/ deficiency in products/ services.

2.2 Objectives of the policy

The purpose of this policy is to define a structured and fair framework under which the Bank shall compensate customers for financial losses directly arising from deficiencies in its services or errors attributable to the Bank or its representatives. The policy reinforces the Bank’s commitment to customer-centricity, transparency, and accountability in its service delivery. It is intended to ensure that customers are compensated promptly and appropriately, thereby reducing the need for escalations to external grievance forums.

Scope of the Policy

This policy applies in circumstances where, due to reasons beyond the control of the Bank or inadvertent lapses, the Bank fails to meet the committed service standards in its dealings with customers. It encompasses, but is not limited to, areas such as:

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- Unauthorized debits to customer accounts
- Delays in the collection and credit of cheques or instruments
- Processing payments despite acknowledged stop-payment instructions
- Delay or errors in remittances (domestic and international)
- Deficiencies in foreign exchange services
- Mis-selling or service lapses in third-party products distributed by the Bank, including insurance and mutual funds
- Failures in addressing grievances related to cards (debit/credit) within the defined turnaround time (TAT)
- Delays in blocking or hotlisting of lost or stolen cards
- Errors in releasing customer securities, documents, or title deeds

While this policy ensures compensation for actual, measurable direct financial losses* incurred due to service deficiencies, it does not cover opportunity costs, reputational damage, or incidental losses that cannot be quantified directly.

*For the purpose of this policy, direct financial loss shall mean any actual and measurable monetary loss incurred by the customer as a result of an error, delay, or deficiency in service attributable to the Bank. This may include charges levied due to non-maintenance of minimum balance, cheque return penalties, additional interest on loans due to delayed credit, or any fee or charge that can be clearly and exclusively attributed to the Bank's error.

Policy Principles and Implementation

The policy is guided by the principles of fairness, transparency, and proactive grievance redressal. The Bank shall endeavor to compensate eligible customers without requiring them to initiate claims, wherever possible. In doing so, the Bank aims to significantly reduce the instances requiring escalation to the Banking Ombudsman or other adjudicating forums.

It is further clarified that this policy is limited to compensating for quantifiable financial losses and does not affect the Bank's rights to defend its position in any legal or tribunal, or other dispute resolution forum.

The policy also extends to issues arising from the sale of third-party products like insurance and mutual funds distributed by the Bank, in alignment with applicable regulatory guidelines.

2.3 Recognition of deficiency and compensation**2.3.1 Erroneous debits arising on fraudulent or other transactions through any channel**

In case the Bank receives a claim regarding a fraudulent or erroneous debit, the Bank shall depute appropriate personnel to investigate the matter in its entirety. If the Bank is convinced that an irregularity or fraud has been committed internally—either due to a processing error or the involvement of bank staff—it will acknowledge its liability and pay the just claim to the customer.

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Upon being informed of the erroneous debit, the entry shall be reversed after due verification. Where verification does not require third-party inputs, the Bank shall complete the process within 7 working days from the date of reporting. If third-party involvement is required, the Bank shall ensure completion of the verification within one month from the date of reporting.

Following successful verification, the Bank shall credit the customer's account within 5 working days with value-dated credit, to ensure the customer does not incur any interest loss or financial penalty.

In the event the erroneous debit results in a financial loss to the customer—such as shortfall in minimum balance, cheque return charges, or additional interest on loans—the Bank will compensate the customer to the extent of the direct financial loss.

This section pertains specifically to errors or fraud originating from within the Bank. Cases of unauthorized transactions arising due to external or third-party breaches, or those attributable to customer negligence, shall be governed by the 'Limited Liability of Customers in Unauthorized Electronic Banking Transactions' section of this policy.

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

If the Bank fails to carry out ECS or direct debit instructions issued by the customer—such as scheduled loan EMI payments or utility bill payments—due to a system or processing error, the Bank shall compensate the customer to the extent of direct financial loss incurred due to such delay or failure.

If the Bank levies any charges, fees, or penalties that are not in accordance with the applicable tariff schedule, product terms and conditions, or customer agreements, such charges shall be reversed upon verification. The Bank shall also compensate the customer for any direct financial loss suffered due to such unauthorized levies.

2.3.3 Payment of cheques after 'Stop Payment' instructions

In case a cheque is cleared after the Bank has received and acknowledged a valid 'Stop Payment' instruction from the customer, the Bank shall reverse the transaction within 2 working days from the date of reporting by the customer and provide value-dated credit to the customer's account.

The Bank shall compensate the customer to the extent of direct financial loss, if any, caused by the payment made despite the stop instruction. This is subject to the stop instruction being complete, accurate, and provided with adequate notice.

2.3.4 Payment of interest for delays in cheque/ instrument collection

The Bank shall be liable to compensate the customer in case of any delay in local and/ or outstation cheques. The 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,

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without any distinction between instruments drawn on the Bank's own branches or on other Banks for the purpose of payment of interest on delayed collection.

The Bank shall pay interest for delayed collection at the following rates:

- A) Savings Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques.
- B) Where the delay is beyond 14 days interest will be paid at the rate applicable to for term deposit for the respective period or Saving Bank rate, whichever is higher.
- C) 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.
- D) 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, interest will be paid at the rate of 2% above the rate applicable to the loan account.

2.3.5 Cheques/ Instruments lost in transit/ in clearing process or at branch

In the event that a cheque or instrument accepted for collection is lost in transit, during the clearing process, or at the branch, the Bank shall immediately inform the account holder. The customer will also be advised to request the drawer to initiate a stop payment and, if required, issue a replacement instrument. The Bank shall also request the customer to ensure that any other cheques issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instrument.

The Bank shall compensate the customer for the delay beyond the stipulated collection period (7 / 10 / 14 days) by paying interest at the rates applicable as per the cheque collection policy.

The Bank shall also reimburse the customer for **any direct charges incurred** in obtaining a duplicate cheque/instrument, upon submission of relevant documentary proof.

2.3.6 Payment of interest for delay in issue of duplicate draft

In the event of loss of a demand draft, the Bank shall issue a duplicate draft within **15 days** from the date of receipt of a valid request from the purchaser or beneficiary, along with all required supporting documents.

If the Bank fails to issue the duplicate draft within this stipulated period, it shall compensate the customer by paying **interest at the rate applicable to fixed deposits of corresponding maturity**, for the period of delay beyond 15 days.

This compensation is payable only in cases where the request for issuance of the duplicate draft is made by the **original purchaser or beneficiary**. It shall not apply where the draft has been **endorsed to a third party**.

2.3.7 Delay in affording credit and/ or return transactions

In the event the Bank fails to adhere to the prescribed timelines for processing inward credits or return transactions through electronic payment channels such as RTGS, NEFT, NECS, ECS, or ACH, it shall compensate the customer by paying **penal interest at the RBI Repo Rate plus 2%** from the due date of credit till the date of actual credit.

This penal interest shall be paid to the beneficiary's account **automatically**, without requiring any claim from the customer.

The compensation is applicable in cases where:

- The inward credit is delayed due to internal processing issues or failure to process the transaction within prescribed timelines.
- A return transaction (e.g., failed ECS debit) is delayed in being reflected in the customer's account.

2.3.8 Delay in crediting failed ATM transactions

In cases where a customer's account is debited but cash is not dispensed during an ATM transaction—whether at the Bank's own ATM or at another bank's ATM—the Bank shall **proactively reverse the transaction within five calendar days** from the date of the failed transaction.

If the reversal is not effected within this period, the Bank shall compensate the customer **₹100 per calendar day of delay**, starting from the sixth day until the date of reversal.

This compensation shall be credited **automatically**, along with the failed transaction amount, without requiring a separate claim from the customer. The compensation is applicable only if the customer lodges the complaint **within 30 calendar days** of the transaction.

This policy is in line with the Reserve Bank of India's directive as per **Circular RBI/2019-20/67, DPSS.CO.PD.No.629/02.10.014/2019-20**, dated September 20, 2019, titled "*Harmonisation of Turn Around Time (TAT) and Customer Compensation for Failed Transactions using Authorised Payment Systems*"

2.3.9 Delay in resolution of disputes related to CIR (Credit Information Report)

As per regulatory direction, complainants will be compensated if their disputes related to CIRs (Credit Information Reports) are not addressed within 30 days by the bank and CICs (Credit Information Companies) jointly. 30 days TAT is shared between bank and CICs as 21 days and 9 days respectively. In the event where overall dispute resolution process takes more than 30 days and if the bank has consumed more than 21 days then bank will compensate Rs 100 per day of delay to the complainant

2.3.10 Force Majeure

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The Bank shall not be liable to compensate customers for any delay or failure in fulfilling its obligations under this policy if such delay or failure is caused by circumstances beyond the reasonable control of the Bank (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other “Acts of God”, war).

In such situations, the Bank shall make reasonable efforts to restore normal services and minimize inconvenience to customers.

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

2.3.11.1 Delay in release of securities/ documents/ title deeds

The Bank shall return the original security documents submitted by the borrower within 30 days of repayment of all dues by the borrower, including principal amount, interest, EMI, costs, service charges, and all other amounts due as per the loan agreement. The Bank shall retain the right to set off for settlement of any other claim, after giving due notice with full particulars about the pending claims, and shall retain the securities/documents/title to the mortgaged property till the relevant claim is settled/paid.

In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment / settlement of loan, the Bank shall compensate the borrower at the rate of ₹5,000 /- for each day of delay where the delay is attributable to the Bank.

In case of loss / damage to original movable / immovable property documents, either in part or in full, the Bank shall assist the borrower in obtaining duplicate / certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation as indicated above. However, in such cases, an additional time of 30 days will be available to the Bank to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

2.3.11.2 Mis-selling of third party products

In the event of a complaint regarding the sale of third-party financial products—such as insurance, mutual funds, or investment products—distributed by the Bank, an appropriate investigation shall be undertaken to assess whether there has been any violation of the Bank’s Policy on Mis-selling.

If it is established that mis-selling or a service lapse has occurred due to incorrect representation, non-disclosure of material information, or failure to follow the prescribed sales process, the Bank shall compensate the customer to the extent of the **direct financial loss** suffered as a result of the transaction. The Bank shall not, however, be liable to compensate for any **notional losses or opportunity losses**.

2.3.12 Violations of Code of Commitment to Customer by the Bank’s agents

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In the event of receipt of any complaint from the customer that the Bank's authorised representatives such as Direct Sales Associates (DSAs), Debt Collection Agencies (DCAs) etc. have engaged in any improper conduct or acted in violation of any Code adopted by the Bank, the Bank shall take appropriate steps to investigate and endeavour to communicate the findings to the customer **within 7 working days from the date of receipt of complaint and wherever justified, compensate the customer for financial loss, if any, as contemplated under this policy.**

2.4 Harmonisation of Turn Around Time (TAT) and customer compensation for failed transactions using authorised Payment Systems

The Bank is committed to ensuring timely execution and resolution of all customer transactions conducted via authorised payment systems, including but not limited to UPI, IMPS, NEFT, RTGS, NACH, Aadhaar-based payments (AEPS), and card-based platforms such as ATMs and POS.

In instances where a transaction fails—such as when a customer's account is debited but the funds are not received by the intended beneficiary or confirmation is not received at the point of transaction—the Bank shall initiate corrective action in line with the turnaround time (TAT) framework prescribed by the Reserve Bank of India.

For the purpose of this policy, a **failed transaction** is defined as one that does not result in the intended completion of funds transfer or service delivery due to reasons **not attributable to the customer**. This includes, but is not limited to:

- ATM withdrawals where cash is not dispensed but the account is debited
- Debit transactions where the beneficiary is not credited
- Card transactions where confirmation is not received at the merchant end
- Failed reversals of unsuccessful transactions
- Transactions that time out or fail due to system or network issues
- Credit failures due to incomplete or incorrect information provided to the Bank

Wherever applicable, reversals shall be processed **automatically**, without the customer needing to raise a separate complaint. In case of a delay beyond the defined TAT, the Bank shall compensate the affected customer at the rate of **₹100 per calendar day of delay**, starting from the day after the prescribed TAT ends until the date of reversal. This compensation shall be credited along with the reversal amount.

This process is governed by **RBI Circular RBI/2019-20/67, DPSS.CO.PD.No.629/02.10.014/2019-20**, dated September 20, 2019, titled *“Harmonisation of Turn Around Time (TAT) and Customer Compensation for Failed Transactions using Authorised Payment Systems.”*

The Bank regularly reviews compliance with these TAT standards and ensures compensation is applied promptly and fairly, reinforcing its commitment to delivering a seamless and responsible banking experience.

The applicable TATs and compensation framework for different transaction types are outlined in **Table A** below. These represent the **current outer limits** as defined by the Reserve Bank of India in

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the circular mentioned above. The Bank shall continue to adhere to these limits and make every effort to resolve failed transactions **well within** the stipulated timelines.

Table A

I. no.	Description of the incident	Framework for auto-reversal and compensation	
		Timeline for auto-reversal	Compensation payable
I	II	III	IV
1	Automated Teller Machines (ATMs) including Micro-ATMs		
a	Customer's account debited but cash not dispensed.	Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.	₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
2	Card Transaction		
a	<u>Card to card transfer</u> Card account debited but the beneficiary card account not credited.	Transaction to be reversed (R) latest within T + 1 day, if credit is not effected to the beneficiary account.	₹ 100/- per day of delay beyond T + 1 day.
b	<u>Point of Sale (PoS) (Card Present) including Cash at PoS</u> Account debited but confirmation not received at merchant location i.e., charge-slip not generated.	Auto-reversal within T + 5 days.	₹ 100/- per day of delay beyond T + 5 days.
c	<u>Card Not Present (CNP) (e-commerce)</u> Account debited but confirmation not received at merchant's system.		
3	Immediate Payment System (IMPS)		
a	Account debited but the beneficiary account is not credited.	If unable to credit to beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
4	Unified Payments Interface (UPI)		
a	Account debited but the beneficiary account is not credited (transfer of funds).	If unable to credit the beneficiary account, auto reversal (R) by the Beneficiary bank latest on T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
b	Account debited but transaction confirmation not received at merchant location (payment to merchant).	Auto-reversal within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
5	Aadhaar Enabled Payment System (including Aadhaar Pay)		
a	Account debited but transaction confirmation not received at merchant location.	Acquirer to initiate "Credit Adjustment" within T + 5 days.	₹100/- per day if delay is beyond T + 5 days.
b	Account debited but beneficiary account not credited.		
6	Aadhaar Payment Bridge System (APBS)		
a	Delay in crediting beneficiary's account.	Beneficiary bank to reverse the transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.

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7	National Automated Clearing House (NACH)		
a	Delay in crediting beneficiary's account or reversal of amount.	Beneficiary bank to reverse the uncredited transaction within T + 1 day.	₹100/- per day if delay is beyond T + 1 day.
b	Account debited despite revocation of debit mandate with the bank by the customer.	Customer's bank will be responsible for such debit. Resolution to be completed within T + 1 day.	
8	Prepaid Payment Instruments (PPIs) – Cards / Wallets		
a	<u>Off-Us transaction</u> The transaction will ride on UPI, card network, IMPS, etc., as the case may be. The TAT and compensation rule of respective system shall apply.		
b	<u>On-Us transaction</u> Beneficiary's PPI not credited. PPI debited but transaction confirmation not received at merchant location.	Reversal effected in Remitter's account within T + 1 day.	₹100/- per day if delay is beyond T + 1 day

3 Limited liability of customers in unauthorized electronic banking transaction

slice small finance bank places a strong emphasis on customer protection and financial inclusion. In line with regulatory requirements and the Bank's own commitment to secure digital banking, this section outlines the framework for customer protection and liability in the event of unauthorized electronic banking transactions.

This framework is based on the guidelines issued by the Reserve Bank of India through Circular No. **DBR.No.Leg.BC.78/09.07.005/2017-18** dated **6th July 2017**, and its subsequent amendments.

3.1 Objective:

This policy seeks to communicate in a fair and transparent manner the Bank's policy on:

- Customer protection (including mechanism of creating customer awareness on the risks and responsibilities involved in electronic banking transactions),
- Customer liability in cases of unauthorized electronic banking transactions
- Customer compensation due to unauthorized electronic banking transactions (within defined timelines)

3.2 Scope:

The electronic banking transaction can be broadly classified into two categories

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- a) 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), etc.)
- b) 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.)
- c) It also includes any other electronic payment methods that may be introduced by the Bank over time.

This policy **does not cover**:

- Transactions resulting from errors made by the customer (e.g. sending money to the wrong account)
- Transactions made under coercion or duress
- Claims related to opportunity loss, loss of reputation, or other indirect damages

3.3 Applicability:

- a) This policy is applicable to entities that hold relationship with the bank viz.:
 - i) Individual and non-individual customers who hold current or savings account.
 - ii) Individual / non-individual entities that hold credit card and/or prepaid card.
 - iii) Individual / non-individual entities that use other electronic platforms of the Bank like internet banking, net banking and wallet.
- b) This policy is not applicable to:
 - i) Non-Customer those of them use Bank's infrastructure e.g. ATMs, electronic wallet
 - ii) Entities that are part of the ecosystem such as Interchange organisations, Franchises, Intermediaries, Agencies, Service partners, Vendors, Merchants etc.

3.4 Third Party Breach:

The following would be considered as Third party breach where deficiency lies neither with the Bank nor customer but elsewhere in the system:

- a) Application frauds
- b) Account takeover

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- c) Skimming / cloning
- d) External frauds / compromise of other systems, for e.g. ATMs / mail servers etc. being compromised

3.5 Definitions & Explanations:

To ensure clarity, the following terms are defined as used in this policy:

- **Unauthorized transaction:** A transaction that leads to a debit in the customer's account without their consent or valid authorization.
- **Real loss:** The actual financial outflow from a customer's account (i.e., money debited due to an unauthorized transaction).
- **Card-not-present (CNP) transaction:** A transaction where the card is not physically used, such as online or mobile payments using card details.
- **Card-present (CP) transaction:** A transaction where the physical card is used at a terminal, such as an ATM or a POS device.
- **Payment transactions:** Fund transfers made electronically through platforms such as NEFT, UPI, IMPS, or wallets.
- **Consent:** Refers to the customer's authorization of a transaction through methods like PIN, OTP, biometric authentication, or credentials such as card number, CVV, and expiry date.
- **Notification:** The act of informing the Bank about an unauthorized transaction. The first report—whether via call, email, branch visit, or digital portal—will be treated as the official notification.
- **Date and time of reporting:** The moment the Bank receives the customer's notification. This marks the start of the timeline for determining liability and processing resolution.
- **Working days:** Days on which the customer's home branch is operational. Used for all timeline calculations in this policy.
- **Foreign currency loss:** Any loss incurred in a foreign currency shall be converted to INR using slice SFB's prevailing card rate, net of applicable charges.

3.6 Responsibility of the Bank:

At slice small finance bank, we are committed to ensuring the safety of customer accounts and promoting responsible use of electronic banking services. In line with this commitment, the Bank shall:

- **Mandatorily register all customers for SMS alerts for electronic banking transactions**, as required by RBI guidelines. Wherever applicable, the Bank will also register the customer's email address to enable prompt delivery of transaction alerts.
- **Provide 24x7 reporting channels** for unauthorized transactions through multiple options, including:
 - Toll-free helpline
 - Bank's official website
 - Mobile and internet banking platforms

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- Physical branches
- **Acknowledge all reports** of unauthorized transactions with a unique complaint number and timestamp.
- **Immediately block further activity** on the affected channel or account upon receiving a report, to prevent additional loss.
- **Maintain a robust alert system** to record the exact date and time of SMS and email alerts sent to customers.
- **Restrict access to digital banking services** for customers who do not provide a valid mobile number for receiving electronic transaction alerts.
- **Raise awareness among customers** about safe banking practices and the importance of reporting suspicious activity promptly.

The Bank also accepts full responsibility to establish whether customer negligence was involved in the reported transaction. **The burden of proving customer liability lies with the Bank.**

3.7 Liability of the customer:

Zero liability	Fraud/ negligence/deficiency on the part of the bank, whether reported or not by the customer.
	Third party breach, where the deficiency is neither with the bank or customer but elsewhere. And the customer informs the bank within three working days of receiving the communication/ alert from the bank regarding such unauthorized transaction.
Limited liability	Loss arising due to negligence of the customer, by sharing payment credentials. Customer will bear the entire loss. However, any loss arising post reporting to the bank, shall be borne by the bank.
	Loss arising on unauthorized transactions, where the reason can be attributed to neither the customer nor bank but elsewhere in a system & the customer delays the reporting by four to seven working days, the liability shall be as per below mentioned Table 1

Table 1

Type of Account	Maximum liability
☐ BSBD Accounts	5,000

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<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

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These limits represent the **maximum amount** the customer may be held liable for, in the event of an unauthorized electronic banking transaction reported **between four to seven working days** after receiving an alert or statement.

In all cases, **the customer's actual liability will be the lower of:**

- The transaction amount, or
- The applicable cap mentioned above

If the unauthorized transaction is reported **after seven working days**, the case will be reviewed by the Bank's Customer Standing Committee to determine the customer's liability, depending on the nature of the incident.

Table 2 Summary of Customer's Liability

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	To be taken up in the Customer Standing Committee Meeting.

Customers are encouraged to report any unauthorized transaction **at the earliest**, as delays in reporting may result in higher liability. The Bank will determine the applicable outcome based on the timestamp of the first official notification received through any of its accepted reporting channels.

3.8 Timelines for all reversals:

Bank is committed to resolving complaints related to unauthorized electronic transactions within a defined timeframe to minimize customer impact.

- Once a customer reports an unauthorized transaction and the Bank determines that the liability lies with the Bank or is limited under the policy, the **provisional credit shall be provided within 10 working days** from the date of notification.

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- This credit will be passed in a **shadow balance**, with **value dating to the transaction date**, ensuring the customer does not lose interest or face penal charges due to the incident.
- All complaints related to unauthorized electronic transactions shall be **investigated and resolved within a maximum of 90 days** from the date of receipt.
- In exceptional cases where the resolution extends beyond 90 days, the matter will be escalated to the **Customer Standing Committee**, which will review and decide on the final resolution, including any compensation.

The Bank ensures that its resolution process is prompt, fair, and transparent, with regular internal monitoring of pending and resolved cases.

4 Reporting and Monitoring

The Standing Committee on Customer Service of the Bank shall periodically review 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 shall be reviewed by the bank's internal auditors.

5 Burden of Proof

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

6 Regulatory references

- i. Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions dated July 06, 2017.
- ii. RBI Master Circular on Customer Service in Banks dated July 1, 2015
- iii. Framework for Compensation to Customers for Delayed Updation / Rectification of Credit Information dated October 26, 2023
- iv. Responsible Lending Conduct - Release of Movable / Immovable Property Documents on Repayment / Settlement of Personal Loans dated September 13, 2023
- v. Harmonisation of Turn Around Time (TAT) and Customer Compensation for Failed
- vi. Transactions Using Authorised Payment Systems dated September 20, 2019