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Policy on Customer protection – Limited Liability of Customers in Unauthorized ELECTRONIC Banking Transaction

With the increased thrust on IT enabled financial inclusion and related customer protection issues, and considering the recent surge in customer grievances relating to unauthorized transactions resulting in debits to their accounts/cards, the criteria for customer liability in these circumstances have been reviewed.

The objective of this policy is to Limiting the Liability of Customers in Unauthorized Electronic Banking Transactions and also Strengthening of systems and procedures to a wider segment of banks across all geographical locations and to provide procedure, requirements, and condition under which a liability of both i.e., bank and customers are given under this policy.

LIMITED LIABILITY OF CUSTOMER

New features are established by the Bank with reference to the RBI's guidelines, to enhance the Limiting Liability of Customers in Unauthorized Electronic Banking Transactions and which helps in smooth functioning of the ATM transactions.

Under certain circumstances customers will be held liable for the loss occurred due to unauthorized transactions as per the RBI guidelines.

Bank has established the criteria for managing customer limited liability against unauthorized transactions:

A) Zero Liability of a Customer

A customer's entitlement to zero liability shall arise where the unauthorized transaction occurs in the following events:

- 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 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:

When it is found that the loss is due to customer's negligence, where he has shared the payment credentials (such like card number, expiry date, OTP, OAC, PIN No, CVV No.), to known or unknown persons then the customer will bear the entire loss until he reports the unauthorized transaction to the Bank. Any loss occurring after the reporting of unauthorized transaction shall be borne by the Bank.

- a) In cases where the responsibility for the unauthorized electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and the customer notifies 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 below table, whichever is lower.
- b) However the bank will not be liable for any loss caused by a technical breakdown of the payment system if the breakdown of the system was recognizable for the cardholder by a message on the display of the device.

c) Maximum Liability of a Customer

Type of Account	Maximum liability
• BSBD Accounts	5,000
• 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 ` 5 lakh	10,000
• All other Current/Cash Credit/Overdraft Accounts	25,000

d) If the delay in reporting is beyond **seven working days**, the customer liability will be determined as follows-

- a) The Bank will consider the request received up to 89 days from receiving a communication of the transaction.
- b) The Bank reserves the right to reject any request received on or after 90 days, for refund of amount on account of unauthorized electronic transactions.
- c) Per transaction liability of the customer shall be determined as per the rule applicable to reporting within 4 to 7 working days.

Customer Responsibility-

Customers must take appropriate measures to safeguard their accounts/ cards / E-Banking Transactions by using strong Passwords and Pins, which need to be changed at regular intervals. Pins/ Passwords and OTP/SMS must not be shared or disclose with anyone via email or telephone including employees of the Bank. The Bank will never ask for such credentials. It is the responsibility of the customer to promptly report any unauthorized transaction on the account/ card to Bank within Three working days.

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11-1-19
2-1-19