



The Kurmanchal Nagar Sahkari Bank Limited

Customer Protection Policy (Unauthorized Electronic Banking Transactions)

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1- Introduction

Bank are repositories of public trust. Hence customer protection is an intrinsic feature of the functioning of the Bank. Consistent growth in a Bank's business can be achieved only through effective customer service at all levels. It is therefore one of the primary responsibilities of the bank to ensure that its customer's interests are protected through a well-documented Customer Protection policy.

RBI vide its circular dated 14th December, 2017 no. DCBR.BPD.(PCB/RCB).Cir.No.06/ 12.05.001/2017- 18 has issued guidelines on "Customer Protection - Limiting Liability of Customers of Co-operative Banks in Unauthorized Electronic Banking Transactions"

RBI has advised Co-operative Banks to implement their systems and procedures to make Customers feel safe while initiating electronic banking transactions. Banks are further advised to follow path as under,

- Create Robust and dynamic fraud detection and prevention mechanism.
- Building Mechanism for risk assessment to assess the risks resulting from unauthorized transactions and measure the liabilities arising out of such events.
- Measures to mitigate the risks
- Protection against the liabilities arising therefrom.
- Educating Customers to protect themselves against frauds arising out of Electronic Banking Transactions.

2- Objective

To define a framework of rules, regulations, standards and practices to the Electronic Transactions initiated on / through 'The Kurmanchal Nagar Sahkari Bank Ltd.' (also referred herewith as Bank, Kurmanchal Bank, KNSB) Electronic / Digital Products and to ensure that the same are in alignment with the best customer practices. Kurmanchal Bank shall adopt adequate measures to safeguard and implement the defined guidelines in order to ensure that its Digital Products run on secured channel and in customer friendly manner.

This policy document aims to make customer more confident against the risks arising out of unauthorized debits to customer accounts owing to customer negligence / Bank negligence / banking system frauds / third party breaches and to clearly define the rights and obligations of customers in case of unauthorized transactions in specified scenarios to use electronic banking transactions and defined the maximum customer liability for the electronic banking transactions to make customers feel safe about carrying out electronic banking transactions.

The Bank believes that providing the protection to the customer against unauthorized electronic transactions is a boon to customer service to make customers feel safe about carrying out electronic banking transactions which is essential not only to attract new customers, but also to retain existing ones.

3- Scope

Electronic Banking Transactions generally covers transactions through following modes-

- 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),
- ii) Face to Face/ Proximity Transaction (e.g., ATM, POS, QR code-based transactions etc.), and
- iii) Any other transaction done by electronic mode and accepted by the Bank for debiting/crediting customer account.

4- Coverage of the policy

The Policy guidelines apply to Customers conducting electronic banking transactions using KNSB Products / Infrastructure such as, ATM/ Debit/ Cash Dispensers, Cash recyclers, Mobile Banking, UPI, Bharat Bill Payment Service (BBPS), Internet Banking, QR-Code, etc.

5- Right and Obligation of customer in case of unauthorized electronic banking transaction in specified scenario:

- i) **Scenario 1: Customer Negligence - Unauthorized Electronic Banking Transaction happened due to customer negligence (such as where he has shared the payment credentials – card number, expiry period, OTP, clicked on unknown links etc.)**

Customer Liability – 100% of the unauthorised electronic banking transaction amount will be customer liability and this will be notified to the customer as response to the customer complaint and the complaint will be treated as closed by the Bank.

Customer Right – Customer to bear the entire loss of the transaction until he / she reports the unauthorized electronic banking transaction to the bank/ contact center/ branch etc. Any loss (upto the value dated transaction amount) occurring after the reporting of the unauthorized transaction shall be borne by the Bank; if the channel or product wherein the unauthorised electronic banking transaction occurred has not been blocked or no action initiated by the Bank.

Customer Obligation – Approach the Bank as soon as the customer becomes aware of the unauthorized debit. Customer is required to be vigilant while doing electronic banking transaction.

- ii) **Scenario 2: Bank's Negligence - Unauthorized Electronic Banking Transaction happened due to Contributory fraud / negligence / deficiency on the part of the Bank (either committed by Bank staff or Bank vendor) – (irrespective of whether or not the transaction is reported by the customer):**

Customer Liability – Zero Liability

Customer Right – In such cases where customer has suffered loss due to Contributory fraud / negligence / deficiency on the part of Bank, Customer is having right to get compensation from Bank which is limited upto the value date transaction amount of the unauthorised electronic banking transaction.

Customer Obligation – Customer is required to check the SMS / Email alert sent by Bank and approach the Bank as soon as the customer becomes aware of the unauthorized debit for blocking the channel or deregistering from the compromised product. Customer needs to lodge the complaint with the bank. Various mode for lodging/ registering customer complaint related to unauthorized Electronic Banking Channels are mentioned in Table 3 of Annexure 1.

iii) Scenario 3: Third Party Breach - Unauthorized Electronic Banking Transaction happened due to Third Party breach:

Customer Liability – Customer Liability will be ascertained based on the time taken by the customer to report the unauthorized electronic banking transaction as per Table 1 & Table 2 mentioned in Annexure 1

Customer Right – In such cases where customer has suffered loss due to third party breach where the deficiency lies neither with the Bank nor with the customer but lies elsewhere in the system, and the customer has notified the Bank **within seven working days**. Customer is having the right to get the compensation from Bank, which is limited upto the value date unauthorised electronic banking transaction amount as per Table 1 & Table 2 of Annexure 1. In such cases where customer has notified the unauthorized transaction to Bank after 7 days, Bank will have no liability, and this will suitably be communicated to the customer. Bank will try to pass the customer claim through Bank's Insurance Agency for that channel if available on best effort basis.

Customer Obligation – Customer is required to check the SMS / Email alert/ account statement and approach the Bank as soon as the customer becomes aware of the unauthorized electronic banking transaction debit.

6- Dispute Resolution Process- Notifying the Bank in respect of Unauthorized Electronic Banking transaction:

- i) Customer is required to immediately report the unauthorized electronic banking transaction through various channels provided by the Bank and displayed at Bank website or <https://ticket.kurmanchalbank.com/>
- ii) On receipt customer's complaint (notification), Bank will take immediate steps to prevent further unauthorized transaction in the account and by blocking/ deregistering customer from notified electronic channel.
- iii) The timeline for resolving all such complaint will be 90 days from the date of receipt of the complaint. Customer is required to provide following details to report the unauthorized transaction-
 - Channel details like channel name, location etc.
 - Transaction details like transaction type, account, date, amount etc.
 - Fraud incident details i.e., Modus Operandi
 - Copy of FIR
 - Compromised channel's working status – blocked/ unregistered
 - Bank on its own discretion, may also seek the other details/ documents from the customer to investigate the complaint depending upon the requirement.

7- Customer's Responsibility:

- Bank will not be under obligation and responsible for loss to the customers due to customer's carelessness in keeping cards, Use ID, login ID, PIN, OTP or other security information and not adhering "Do's and Don'ts" issued by the Bank, until and unless the Bank has been notified by the customer. Bank has already published Do's and Don'ts for our customers on Bank's website.
- Bank is also using various modes for educating our customers such as Social/ Electronic Media, SMS, publishing product specific information for safe and secure transactions on website etc.
- The Bank will not be responsible for loss to the customer, if the customer acts fraudulently and /or acts

without reasonable care which has resulted in loss. Bank will also not be responsible for loss arising out of loss of cards, login ID, PIN, compromise of password or confidential information until and unless the Bank has been notified of such loss/compromise and Bank has taken steps to prevent its misuse.

- The Bank will not be responsible for loss to the customer, if the customer has not notified his current Mobile number, email ID with his base branch. This updated information is required by Bank to send Transaction Alert / other information to customer.

8- Facility of Electronic transaction to such customers which have not registered their mobile number in their accounts:

As per the RBI notification “The banks may not offer facility of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the bank. However, looking to the customer convenience and the following security feature available in these electronic channels, Bank has decided to allow all electronic transactions to such customers.

- i. Face to face / proximity payment transactions – All these transactions are performed based on the two-factor authentication. In all such transactions (like ATM Cash Withdrawal, POS transaction, QR code-based transaction) customer is required to present physical payment instrument (Card or Mobile number) and their credential like PIN, Biometric etc.
- ii. Remote/ online payment transactions – All these transactions are performed based on the two-factor authentication. Customer who has not registered their mobile number in their account are not able to perform Net Banking, Mobile based Applications, E-commerce transaction through Debit cards as Bank is using OTP authentication as second factor authentication in these transactions.
- iii. Hence for registration of any Digital product, mobile number registration is recommended.

9- Force Majeure:

The Bank shall not be liable to compensate customers for delayed credit, if some unforeseen events (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters/calamities or other “Acts of God”, war, damage to the Bank’s facilities or of its correspondent, Bank’s lack of connectivity, absence of the usual means of communication or all types of transportation etc., which are beyond the control of the Bank, prevent the Bank from performing Banking obligations within the specified service delivery parameters.

10- Review of the Policy

This policy will be reviewed in the event of any changes in business, regulatory, or legal guidelines. It will remain in effect until the next review/revision.

Annexure – 1

Scenario 1: Unauthorized Transaction due to Customer's negligence

Time taken to report the fraudulent transaction from the date of receiving communication	Maximum Customer Liability
Customer to report as soon as possible to prevent future losses	100%

Scenario 2: Unauthorized Transaction due to Bank's negligence

Time taken to report the fraudulent transaction from the date of receiving communication	Maximum Customer Liability
Customer to report as soon as possible to prevent future losses	Zero Liability

Scenario 3: Third Party Breach - Unauthorized Electronic Banking Transaction happened due to Third Party breach:**Table -1**

Maximum Liability of a customer.
(Fraudulent transaction reported to the Bank within 4 to 7 days)

Type of Account	Maximum Customer Liability
• Basic Saving Bank Deposit accounts	Rs. 5,000/-
• All other SB accounts • Pre-paid payment Instruments and Gift Cards • Current / Cash credit / Overdraft Account of MSMEs • Current Accounts / Cash Credit / Overdraft Account of Individuals with annual average balance (during 365 days preceding the incidence of fraud) / limit up to Rs.25 lacs	Rs. 10,000/-
• All other Current / Cash Credit / Overdraft Account	Rs. 25,000/-

Table -2

Overall liability of the customer in third party breaches in such Unauthorised Electronic Banking Transactions where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system

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	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	100% Liability.

Table 3
Current Channels available for registration of customer complaint related to unauthorized Electronic Banking Transactions –

Channel	Availability	Available during
Toll free number (18001236230/ 18005327444)	Yes	24X7
Website (through Ticketing system) https://ticket.kurmanchalbank.com/	Yes	24X7
Reporting to Home branch	Yes	Working Hours

Any unauthorized electronic banking transaction reported after 7 working days will be treated as 100% customer liability

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