

AU Small Finance Bank Limited

CHARTER ON CUSTOMER RIGHTS

Version Control

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1.0	First Version	April, 2017	Branch banking Team
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1. Introduction

The Customer Rights Policy protects basic rights of the Customers of the Bank. The policy brings out the rights of the customer and also the responsibilities of the Bank. The policy sets minimum standards of banking practices, Bank has to follow while dealing with individual customers. It provides protection to customers and explains how Bank is expected to deal with customers in its day-to-day operations. The policy does not replace or supersede regulatory or supervisory instructions of the Reserve Bank of India (RBI) and the Bank shall comply with such instructions/directions issued by RBI from time to time. The Bank shall endeavour to adopt higher standards of banking practices to extend better customer service and achieve higher levels of customer satisfaction. The policy applies to all products and services provided by the Bank.

2. Objectives – Guiding Principles

The objective of this policy is to enshrine the basic rights of the customers and bring clarity in the rights of the customer and the responsibilities of the banker.

The right to review, appeal and complain; to privacy, confidentiality, and to see information related to the service or user.

This Policy prescribes the Bank to provide excellent customer service by adhering to the principles of non-discrimination, transparency and honest dealing.

3. Applicability

This Customer Rights Policy shall be relevant for all the customers of the Bank. The Policy shall also be applicable to all the staff at all the branches/Regional Offices /Departments handling banking transactions and related activities.

4. Contours of the Policy

The Policy encompasses the five basic customer rights

1. Right to Fair Treatment
2. Right to Transparency, Fair and Honest Dealing.
3. Right to Suitability
4. Right to Privacy
5. Right to Grievance Redressal and Compensation

5. Right to Fair Treatment

1. Bank promises that it will act courteously, fairly and reasonably in all dealings with customers.
2. Bank promises to promote good and fair banking practices by setting minimum standards in its dealings with customers.
3. Bank will increase transparency so that customer can have a better understanding of what they can reasonably expect from Bank;
4. Train Bank staff attending to the customers, adequately and appropriately;
5. Ensure that staff members attend to customers and their business promptly and courteously.
6. Bank will make sure that its documents and procedures are clear and not misleading and that customers are given clear information about the products and services.
7. When customers have chosen an account or service, the Bank shall give them clear information about how it works, the terms and conditions and the information about applicable interest rates.
8. Bank shall help customers to use their account or services by sending regular statements on demand / request (where appropriate) and shall keep customers informed about changes in the interest rates, charges or terms and conditions.
9. Bank shall not discriminate unfairly against any customer on grounds such as gender, age, religion, caste and physical ability. However, the Bank has certain special products and schemes which are specifically designed for members of a target market group, which would not tantamount to unfair practice.
10. Ensure that the above principle is applied while offering all products and services.
11. Ensure that the products and services offered are in accordance with relevant laws and regulations.

WE EXPECT OUR CUSTOMERS TO:

Behave courteously and honestly with the Bank.

Approach the available internal resolution/grievance redressal mechanism and after exhausting the remedies under Banks internal grievance mechanism approach alternate fora.

6. Right to Transparency, Fair and Honest Dealing

1. Bank shall ensure that the customers are provided terms and conditions in respect of product in simple language, easily understandable, and with sufficient information so that the customer reasonably makes an appropriate choice of product.
2. The key risks associated with the product as well as any features that may especially disadvantage the customer shall be made known to him/her. Most Important Terms and Conditions (MITC) shall be clearly brought to the notice of the customer while offering the product.
3. Bank shall ensure full transparency to the customer in levying of various fees/ service charges and penalties.
4. Special efforts shall be made to educate the customers in the use of technology in banking. Bank may make use of Print media, Television, All India Radio/local radio for this purpose.
5. Bank shall display the charges schedule on website and copy of same shall also be made available at every business unit. The charges schedule shall be made available on digital notice board/signage at the business units.
6. Bank shall advise the customer at the time of selling the product of the rights and obligations embedded in law or regulation, as well as the need to report any critical incidents that they encounter, suspect or discover.
7. Bank shall provide advice consistent with the interests of the customer, if the Bank is engaged by the customer for this purpose.
8. Bank shall not terminate a customer relationship without giving reasonable or contractual prior notice to the customer.
9. Bank shall assist the customer in managing their financial relationship by providing regular account statements and other related information, as and when demanded.
10. Bank shall ensure that all marketing and promotional material sent to the customer is clear and not misleading to the target customer.
11. Bank shall not threaten the customer with physical harm, exert influence that is outside normal and reasonable business practice, or engage in behavior that would reasonably be construed as unwarranted harassment.
12. Bank shall display the policies on Deposits, Cheque Collection Grievance Redressal, Compensation & Collection of Dues and Security Repossession on website.
13. Bank shall make every effort to ensure that staff dealing in a particular product is properly trained to provide relevant information to customers fully, correctly and honestly.

14. Bank shall inform the customer of any change in the terms and conditions through a letter or statement of account or SMS at least one month prior to the revised terms and conditions becoming effective.

Ensure that such changes are made only with prospective effect after giving notice of one month. If the Bank has made any change without giving such notice which is favorable to the customer, it will notify the change within 30 days of such change. If the change is adverse to the customer, prior notice of minimum 30 days will be provided and the customer may be provided options, to close the account or switch to any other eligible account without having to pay the revised charge or interest within 60 days of such notice.

Bank shall communicate to the customer any changes in the terms and conditions, fees, service charges, discontinuation of particular products, relocation of provider offices, changes in working hours, change in telephone numbers etc.

Ensure to communicate to the applicant within a reasonable time period as decided by the Bank about the acceptance / non-acceptance of applications submitted for availing a product / service and convey in writing the reasons for not accepting / declining the application. Such period shall be notified in the Bank's website and also in the application of the particular product or service.

Communicate unambiguously the information about –

- a. discontinuation of particular products,
 - b. relocation of their offices
 - c. changes in working hours
 - d. change in telephone numbers
 - e. closure of any office or branch
- With advance notice of at least 30 days. Also affirms that disclosure of information is an on-going process through the lifecycle of the product / relationship and shall be diligently followed by them. Ensure to use all possible channels of communication, including web-site, to ensure that information on all changes are made known to the customer upfront;
15. Ensure that the fees and charges on products/services and its structure are not unreasonable to the customer.

7. Right to Suitability

1. Bank will offer products appropriate to the needs of the customer and based on an assessment of the customer's financial circumstances and understanding.
2. Bank shall ensure that products offered to customer are assessed suitably and approved by the Management, Board or any other Competent Authority of the Bank.
3. Bank shall ensure that the product or service sold or offered is appropriate to the customer's needs and not inappropriate to the customer's financial standing and understanding based on the assessment made by it.
4. Bank will sell third party products only if it is authorized to do so.
5. Bank shall not follow any restrictive practices of forcing a customer to either opt for any third party products from a specific service provider or link sale of such products to any banking product.
6. Bank shall ensure that the products being sold or service being offered, including third party products, are in accordance with extant rules and regulations.
7. Bank shall ensure to inform the customer about this responsibility to promptly and honestly provide all relevant and reasonable information that is sought by Bank to enable them to determine the suitability of the product to the customer.
8. Bank will examine the structure of fees / service charges / penalties to ensure that they are reasonable.

8. Right to Privacy

Bank shall treat all personal information of customers as private and confidential (even when the customer is no longer banking with our Bank), and shall be guided by the following principles and policies.

Bank shall not reveal information or data relating to customer accounts, whether provided by customer or otherwise, to anyone, including other companies /entities in our group, other than in the following exceptional cases:

- a. If Bank has to give the information by law or if required by the banking regulator.
- b. If the Bank has to give the information required by Investigating Agency, Police, Court, Income Tax Department or any other State/Central Statutory Authority.
- c. If there is a duty towards the public to reveal the information.
- d. If interests of the Bank requires to give the information, for example, to prevent fraud.
- e. If customer authorizes the Bank to reveal the information.

- f. If Bank is asked to give a reference about customer, Bank will ensure to obtain the customer's written permission.

Ensure such likely mandated disclosures be communicated immediately to the customer in writing.

Bank will not use personal information of customer for marketing purpose by anyone including ourselves unless the customer has specifically authorized it and shall adhere to Telecom Commercial Communications Customer Preference Regulations, 2010 (National Customer Preference Registry) issued by Telecom Regulatory Authority of India, while communicating with customers.

9. Right to Grievance Redress and Compensation

The Bank's policy on grievance redressal will be on the under noted principles.

1. Customers are treated fairly at all times.
2. Complaints raised by customers are dealt with courtesy and on time.
3. Customers are fully informed of avenues to escalate their complaints/grievances within the organization and their rights to alternative remedy, if they are not fully satisfied with the response of the Bank to their complaints.

Bank shall treat all complaints efficiently and fairly as they can damage the Bank's reputation and business if handled otherwise.

Employees of the Bank shall work in good faith and without prejudice to the interests of the customer.

The policy document shall be made available at all Business Units and shall also be displayed on the Bank's website. The Bank shall also ensure that all employees concerned are informed about the complaint handling process and its subsequent updates. Without prejudice to any right the Bank will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

The Bank shall not be liable to compensate customers for delayed credit if some unforeseen event (including but not limited to civil commotion, sabotage, General strike, accident, fire, 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.

In addition, the Bank shall a) clearly spell out, at the time of establishing a customer relationship, the liability for losses, as well as the rights and responsibilities of all parties, in the event of products not performing as per specifications or things going wrong. However, the Bank will not be liable for any losses caused by extraneous circumstances that are beyond its reasonable control

(such as market changes, performance of the product due to market variables, etc.). b) Ensure the customer is refunded without delay and demur, if it cannot show beyond reasonable doubt to the customer on any disputed transaction (along with interest/charges)

10. Customer's Responsibility

The Bank is committed to provide to customers excellent customer service, hassle free and fair treatment, quick redressal of grievances, if any. However,

- 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 to him/her.
- The Bank will also not be responsible for the losses arising out of misuse of lost Pin, cheque book, passbook, compromise of passwords/secure or confidential information, suffered by the customer until the time the Bank has been notified and has taken steps to prevent misuse.
- The Bank will also not be liable for any losses caused by extraneous circumstances that are beyond its reasonable control.
- The Bank will also expect that the customers behave courteously and honestly in their dealings with the Bank and would furnish correct personal details like address, mobile number for speedy and effective communication when required.

11. Force Majeure

The Bank shall not be liable on account of non-compliance if some unforeseen event (including but not limited to civil commotion, sabotage, lockout, strike or other labour disturbances, accident, fires, natural disasters or other "Acts of God" war, damage to the Bank's facilities or 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.

12. Policy Reviews

The policy shall be reviewed annually and necessary updates shall be made based on the requirements.

13. Policy Amendment Authority

Key owners responsible for Policy amendments

Policy Owners	Role
1. Chief of Branch Banking	Responsible for implementation of Policy
2. Customer Service Head/ Principal Nodal Officer	Responsible for ensuring the policy is reviewed annually

14. Policy Authorization

This Policy has been approved by the Board of Directors of AU Small Finance Bank Limited

15. References

- RBI Press release on Charter on Customer Rights dated December 3, 2014 (2014-2015/ 1142).
- IBA Model on Customer Rights Policy.
- IBA Code of Banking Practices.

Approving Authority	Board of Directors
Date of Approval/ Review	26 th April 2018