

SOCIETE GENERALE INDIA

CUSTOMER COMPENSATION POLICY

(As per local regulations)

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1 INTRODUCTION

We refer to the Reserve Bank of India Directive concerning timely collection of outstation cheques, payment of interest for unauthorized debits to client's account, compensation for delayed collection of cheques and Customer Protection [i.e. Limited Liability of customer in unauthorised Electronic Banking Transaction, refer to RBI circular dated July 06, 2017].

Technological progress in payment and settlement systems and the qualitative changes in operational systems and processes that have been undertaken by various players in the market have enabled market forces of competition to come into play to improve efficiencies in providing better service to the users of the system. It will be the bank's endeavour to offer services to its customers with best possible utilization of its technology infrastructure. Withdrawal of the Reserve Bank of India instructions to banks on time frame for collection of outstation cheques, payment of interest on delayed collection of outstation cheque/instruments, with effect from November 01, 2004 and Customer Protection-Limited Liability of Customer in Unauthorised Electronic Banking Transaction circular issued by Reserve Bank of India dated July 06, 2017, had offered bank further opportunities to increase its efficiency for better performance.

The Compensation policy of the bank is therefore, designed to cover areas relating to unauthorised debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after acknowledgement of stop payment instructions, remittances within India, foreign exchange services, lending and Unauthorised Electronic Banking Transaction etc. The policy is based on principles of transparency and fairness in the treatment of customers and to protect the interest of our customers.

In this connection we are enclosing a copy of Societe Generale Compensation Policy in respect of client payments and settlements. Please familiarize yourselves with the contents and ensure that the internal guidelines for handling client transactions are strictly adhered to so that there is minimal loss to the Bank for any mishandling of customer transactions.

In the event of there being any delay or unauthorised transaction etc or wrongful debit on an account the said policy will apply.

1.1 Objective and Scope

The objective of this policy is to establish a system whereby the bank compensates the customer for any financial loss he/she might incur due to deficiency in service on the part of the bank or any act of omission or commission directly attributable to the bank. By ensuring that the customer is compensated without delay, the bank expects instances when the customer has to approach Banking Ombudsman or any other forum for redressal to come down significantly and abide with the regulatory directive.

It is reiterated that the policy covers only compensation for financial losses which customers might incur due to deficiency in the services offered by the bank which can be measured directly and as such the commitments under this policy are without prejudice to any right the bank will have in defending its position before any forum duly constituted to adjudicate banker-customer disputes.

2 GOVERNANCE & RISK MANAGEMENT:

2.1 Unauthorised/Erroneous Debit

If the bank has raised an unauthorised/erroneous direct debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the same. In the event the unauthorised/erroneous debit has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable thereby attracting charges or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss. Further, if the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorised/erroneous debit, the bank will compensate the customer to the extent of such financial losses, subject to the bank being satisfied as to the claim and the compensation being mutually agreed upon.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank will arrange to complete the process of verification within a maximum period of 7 working days from the date of reporting of erroneous debit. In case, the verification involves a third party, the bank shall complete the verification process within a maximum period of one month from the date of reporting of erroneous transaction by the customer, subject to the third party's responsiveness.

Unauthorized Electronic Banking Transaction:

Electronic Banking Transactions are categorized as under:

Remote/online payment transactions.i.e Internet Banking **Limited Liability of a customer:**

1. Negligence on part of the bank or customer:
 - a. Contributory fraud/negligence/deficiency on part of the bank (irrespective of whether or not the transaction is reported by the customer). The customer will have Zero Liability and the bank will compensate the customer to the extent of such financial losses, subject to the bank being satisfied as to the claim and the compensation being mutually agreed upon.
 - b. In cases where the loss is due to customer negligence where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorized transaction. Any loss occurred thereafter shall be borne by Bank.

2. Third Party Breach [i.e. the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system]:
 - a. The liability is as per below schedule:

Summary of Customer's Liability	
Time taken to report the fraudulent transaction from the date of receiving the communication	Customer's Liability (In Rs.)
Within 3 working days	Zero Liability
Within 4 to 7 working days	The transaction value or the amount mentioned in "Table 1 Maximum Liability of a customer "under paragraph 7 (ii) - Customer Protection -RBI circular dated July 06, 2017)", whichever is lower.
Beyond 7 working days	Compensation policy of the Bank

- b. Maximum Liability of a customer under paragraph 7 (ii) of Customer Protection RBI circular dated July 06, 2017:

Maximum Liability of a customer under paragraph 7 (ii)	
Type of Account	Maximum Liability (In Rs.)
BSBD Accounts	INR 5,000.00

All other SB Accounts, Pre-paid Payment Instruments and Gift Cards, Current/Cash Credit/Overdraft Account of MSME's, 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	INR 10,000.00
All other Current/Cash Credit/Overdraft Accounts	INR 25,000.00

- c. For cases where the time taken to report the fraudulent transaction by the customer from the date of receiving the communication is beyond 7 Working Days:
- i. If the bank has raised an unauthorized transaction to the account, the entry will be reversed immediately on being informed after verifying the same.
 - ii. In the event the unauthorized transaction has resulted in a financial loss for the customer by way of reduction in the minimum balance applicable thereby attracting charges or payment of additional interest to the bank in a loan account, the bank will compensate the customer for such loss.
 - iii. If the customer has suffered any financial loss incidental to return of a cheque or failure of direct debit instructions due to insufficiency of balance on account of the unauthorized transaction, the bank will compensate the customer to the extent of such financial losses.

All of the above are subject to the bank being satisfied as to the claim and the compensation being mutually agreed upon.

3. Reversal Timelines for Zero Liability/Limited Liability of Customer:

- a. On being notified by the customer, the bank will credit (shadow reversal) the amount involved in the unauthorized 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).
- b. The credit will be value dated as of the date of unauthorized transaction.
- c. For the time taken to report the fraudulent transaction from the date of receiving the communication - within 90 days:
 - a) If the complaint is resolved and liability of the customer, if any, is established within such time as prescribed in compensation policy but not exceeding 90 days from the date of

receipt of complaint, bank will compensate the customer as per the Limited Liability of compensation policy.

- b) If the bank is unable to resolve the complaint or determine the customer liability, if any, within 90 days, from the date of receipt of complaint, the bank will compensate the customer as per the Limited Liability of compensation policy.
- c) In case of bank account, the customer will not suffer loss of interest.

2.2 ECS direct debits/other debits to accounts

The bank will undertake to carry out direct debit/ECS debit instructions of customers in time. In the event the bank fails to meet such commitments customer will be compensated to the extent of any financial loss the customer would incur on account of delay in carrying out the instruction/failure to carry out the instructions subject to the bank being satisfied as to the claim and the compensation being mutually agreed upon.

The bank would debit the customer's account with any applicable service charge as per the schedule of charges notified by the bank. In the event the bank levies any charges in violation of the arrangement, the bank will reverse the charges when pointed out by the customer subject to scrutiny of agreed terms and conditions. Any consequential financial loss to the customer will also be compensated subject to the bank being satisfied as to the claim and the compensation being mutually agreed upon.

2.3 National Electronic Funds TRANSFER (NEFT) SYSTEM

If the NEFT transaction is not credited or returned within two hours after batch settlement, then the bank is liable to pay penal interest to the affected customer at the current RBI LAF Repo Rate plus two percent for the period of delay / till the date of credit or refund, as the case may be, is afforded to the customers' account without waiting for a specific claim to be lodged by the customer in this regard.

2.4 Real Time Gross Settlement System (RTGS) System

Chapter-11 'Customer Transactions – Obligations and Rights of Members / Participants' of Real Time Gross Settlement (RTGS) System Regulations, 2013 issued by RBI, provides as under:

Eligible RTGS member can send / receive customer transactions on behalf of their customers. The transaction originating member will carry out due diligence while sending the payment request to the RTGS system. The originating member should ensure two factor authentications by adopting maker-checker principle while

originating a payment transaction. Depending on the risk perception, participants may introduce / implement additional security features in the on-line delivery channels for initiating RTGS transactions by the customers. The originating member should release the payment message from their system to the RTGS central system within 30 minutes of debiting a customer's account. The originating member should have the facility of time stamping of their transactions at various stages for effective grievance redressal mechanism.

Credit under customer transactions, received by the RTGS member in its Settlement Account through the RTGS System, has to be ultimately credited to the account of the beneficiary on the basis of the account number in the payment message. The payment message receiving member may put in place a Straight Through Processing (STP) mechanism for crediting the beneficiary's account. The beneficiary / receiving bank have to credit the account of beneficiary customer immediately on receipt of the payment message at their Member Interface. The beneficiary banks should credit the account of the beneficiary within 30 minutes of the receipt of the message at the Member Interface.

The participants accessing RTGS system through Web or PO module based service have to continuously monitor their incoming transactions in the central system for adhering to the timelines prescribed by the Bank.

In case of any delay in providing credit to the beneficiaries' account, the recipient / beneficiary's bank has to pay compensation at current repo rate plus 2% to the beneficiary customer per day. Delay in credit on the same day has to be paid compensation to the customer for one day. The compensation amount should be credited to the customer's account automatically without any request

2.5 Payment of Cheques after Stop Payment Instructions

In case a cheque has been paid after stop payment instruction is acknowledged by the bank, the bank shall reverse the transaction and give value-dated credit to protect the interest of the customer. Any consequential financial loss to the customer will be compensated as provided under para above. Such debits will be reversed within 2 working days of the receipt of the customer intimation in writing to the bank.

2.6 Foreign Exchange Services

The Bank would not compensate the customer for delays in collection of cheques designated in foreign currencies sent to foreign countries as the bank would not be able to ensure timely credit from overseas banks. It is bank's experience that times for collection of instruments drawn on banks in foreign countries differ from

country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country and even within a country, from place to place. The time norms for return of instruments cleared provisionally also vary from country to country. The Bank however, would consider, at its sole discretion, upfront credit against such instrument by purchasing the cheque/instrument, provided the conduct of the account has been satisfactory in the past. However, the bank will compensate the customer for undue delays in affording credit once proceeds are credited to the Nostro Account of the bank with its correspondent. Such compensation will be given for delays beyond one week from the date of clear credit to Nostro Account/due date after taking into account normal cooling period stipulated. The compensation in such cases will be worked out as follows:

- a) Interests for the delay in crediting proceeds as indicated in the collection policy of the bank;
- b) Compensation for any possible loss on account of adverse movement in foreign exchange rate.

2.7 Remittances in India

The compensation on account of delays in collection of instruments would be as indicated in the bank's collection policy which is reproduced below for information:

“Payment of Interest for delayed Collection of Outstation Cheques:

As part of the compensation policy of the bank, the bank will pay interest to its customer on the amount of collection instruments in case there is delay in giving credit beyond the time period mentioned below. Such interest shall be paid without any demand from customers in all types of accounts. There shall be no distinction between instruments drawn on the bank's own branches or on other banks for the purpose of payment of interest on delayed collection.

Interest for delayed collection shall be paid at the following rates:

- a) Saving Bank rate for the period of delay beyond 7/10/14 days as the case may be in collection of outstation cheques drawn on State Capital/major cities/other locations.
- b) Where the delay in collection is beyond above period, the interest will be paid at the fixed deposit rate applicable to the corresponding maturity.
- 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 was 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.

It may be noted that interest payment as given above would be applicable only for instruments sent for collection within India”.

The bank’s compensation policy for financial loss suffered by the customers due to loss of instruments after it has been handed over to the bank for collection by the customer would also be as indicated in our collection policy. The same is extracted below for information:

“Cheques/Instruments lost in transit/ in clearing process or at paying bank’s branch:

In the event a cheque or an instrument accepted for collection is lost in transit or in the clearing process or at the paying branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the accountholder so that the accountholder can inform the drawer to record stop payment and also take care that cheques, if any, issued by him/her are not dishonoured due to non-credit of the amount of the lost cheques/instruments. The bank would provide all assistance to the customer to obtain a duplicate instrument from the drawer of the cheque.

In line with the compensation policy of the bank, the bank will compensate the accountholder in respect of instruments lost in transit in the following way:

- a. In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection (viz. 7/10/14 days as the case may be) interest will be paid for the period exceeding the stipulated collection period.
- b. In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Saving Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof.
- c. The bank would also compensate the customer for any reasonable charges he/she incurs in getting duplicate cheque/instrument upon production of receipt, in the event the instrument is to be obtained from a bank/institution who would charge a fee for issue of duplicate instrument, subject to appropriate documentary proof thereof.

2.8 Violation of the Code by banks agent

In the event of receipt of any complaint from the customer that the bank's representative/ courier or DSA (if and when the bank uses DSAs[Direct Sales Agent]) has engaged in any improper conduct or acted in violation of the Code of Bank's Commitment to Customers which the bank has adopted voluntarily, bank shall take appropriate steps to investigate and to handle the complaint and to compensate the customer for financial losses, if any.

2.9 Force Majeure

The bank shall not be liable to compensate customers for delayed credit 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 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

2.10 Compensation to customers for delayed updation/ rectification of credit information

(a) Complainants shall be entitled to a compensation of ₹100 per calendar day in case their complaint is not resolved within a period of thirty (30) calendar days from the date of the initial filing of the complaint by the complainant with a CI/ CIC.

Explanation:

Section 21 (3) of CICRA, 2005 provides that a complainant may request a CIC or CI to update the credit information by making an appropriate correction, addition or otherwise, and on such request the CI or CIC shall take steps to update the credit information within thirty (30) days after being requested to do so.

Rule 20 (3) (c) of CIC Rules, 2006 provides that the CI shall forward the corrected particulars of the credit information to the CIC or complainant within a period of twenty-one (21) days from the date when the CI was informed of the inaccuracy in the credit information.

The combined reading of Section 21(3) of CICRA, 2005 and Rule 20 (3) (c) of Credit Information Companies Rules, 2006 provide the CI and the CIC, collectively, an overall limit of thirty (30) days to resolve/ dispose of the complaint. In effect, this would mean that a CI would get twenty-one (21) days and CICs would effectively get the remainder of nine (9) days for complete resolution of the complaint.

- (b) A CI shall pay compensation to the complainant if the CI has failed to send updated credit information to the CICs by making an appropriate correction or addition or otherwise within twenty-one (21) calendar days of being informed by the complainant or a CIC.
- (c) A CIC shall pay compensation to the complainant if the CIC has failed to resolve the complaint within thirty (30) calendar days of being informed by the complainant or a CI, despite the CI having furnished the updated credit information to the CIC within twenty-one (21) calendar days of being informed by the complainant or the CIC.
- (d) The complainant shall be advised by the CI/ CIC of the action taken on the complaint in all cases, including the cases where the complaint has been rejected. In cases of rejection, the reasons for rejection shall also be provided by CI and CIC.
- (e) Compensation to be provided by the CICs/ CIs to the complainant (for delayed resolution beyond thirty (30) calendar days of filing the complaint) shall be apportioned among the CIs/ CICs concerned proportionately.
- (f) Where the grievance/ complaint involves inaccurate credit information provided by more than one CI, the complaint shall be registered by the complainant with the concerned CIC. The CIC shall coordinate with all the CIs concerned and furnish the complainant with a comprehensive resolution of the grievance.
- (g) Where the complaint has been received and registered by a CIC and there has been a delay in the resolution of the complaint, the CIC shall inform the concerned CI(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI(s) and/ or CIC.
- (h) Where the complaint has been received and registered by a CI and there has been a delay in the resolution of the complaint, the CI shall inform the concerned CIC(s) and the complainant after the final resolution, regarding total delay (in calendar days) and the amount of compensation to be paid by the CI and/ or CIC(s).
- (i) The date of the resolution of the grievance shall be the date when the rectified Credit Information Report (CIR) has been sent by the CIC or CI to the postal address or email ID provided by the complainant.
- (j) The CICs/ CIs shall make appropriate provision in their complaint submission format (both online and offline) for enabling the complainant to submit the contact details, email ID, and bank account details/ Unified Payment

Interface (UPI) ID for crediting the compensation amount. The onus of providing accurate details will lie with the complainant and the CIs/ CICs will not be held responsible for any incorrect information provided by the complainant.

(k) The compensation amount shall be credited to the bank account of the complainant within five (5) working days of the resolution of the complaint.

(l) The complainant can approach RBI Ombudsman, under the Reserve Bank - Integrated Ombudsman Scheme, 2021, in case of wrongful denial of compensation by CIs or CICs.

(m) In case of wrongful denial of compensation by CIs which are yet to be covered under the Reserve Bank - Integrated Ombudsman Scheme, 2021, the complainant can approach Consumer Education and Protection Cell (CEPC) functioning from Regional Offices (ROs) of Reserve Bank of India.

(n) The compensation framework shall come into effect six (6) months from the date of this circular. CICs and CIs are directed to put in place necessary systems and processes to implement the compensation framework within this period.

3 TABLE OF REGULATORY REFERENCES

Policy contents	Regulatory references
2.1 Unauthorised/Erroneous Debit	RBI/2017-18/15 - DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions
2.2 ECS direct debits/other debits to accounts	Procedural Guidelines – ECS (Debit) (Updated as on June 30 2015) dated June 30, 2015
2.3 Payment of Cheques after Stop Payment Instructions	No specific RBI guidelines
2.4 Foreign Exchange Services	No specific RBI guidelines
2.5 Remittances in India	Payment of Interest for delayed Collection of Outstation Cheques: RBI/2004/261 - DBOD.No.Leg.BC.55 /09.07.005/2004-05 dated November 1, 2004 - Banks Advised to Formulate their own Cheque Collection Policy Cheques/Instruments lost in transit/ in clearing process or at paying bank's branch

	RBI/2014-15/72 DBOD No.Leg.BC.21/09.07.006/2014-15 dated July 1, 2014 - Master Circular on Customer Service in Banks
2.6 Violation of the Code by banks agent	RBI/2006/167 - DBOD.NO.BP. 40/ 21.04.158/ 2006-07 dated November 3, 2006 - Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks
2.7 Force Majeure	No specific RBI guidelines
2.8 Compensation to customers for delayed updation / rectification of credit information	RBI/2023-24/72 DoR.FIN.REC.48/20.16.003/2023-24 October 26, 2023 Framework for compensation to customers for delayed updation /rectification of credit information
2.9 Real Time Gross Settlement System (RTGS) System	Real Time Gross Settlement (RTGS) System Regulations, 2013 dated October 2013 issued by Reserve Bank of India https://rbi.org.in/Scripts/FAQDisplay.aspx?Id=65 - RBI FAQs on Real Time Gross Settlement System (RTGS) System (updated as on October 31, 2022)
2.10 National Electronic Funds Transfer (NEFT) System	National Electronic Funds Transfer System Procedural Guidelines dated November 2005 [Revised version 1.1 as on September 1, 2008] issued by Reserve Bank of India https://rbi.org.in/Scripts/FAQDisplay.aspx?Id=60 - RBI FAQs on National Electronic Funds Transfer (NEFT) System (updated as on October 31, 2022)