



BNP PARIBAS - INDIA

POLICY FOR COMPENSATION TO THE CLIENTS

INTRODUCTION:

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 endeavor 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 of collection of outstation cheques, payment of interest on delayed collection of outstation cheques/instruments, with effect from 1 November 2004, had offered bank further opportunities to increase its efficiency for better performance. This Compensation policy of the bank is therefore, designed to cover areas relating to unauthorized debiting of account, payment of interest to customers for delayed collection of cheques/instruments, payment of cheques after providing acknowledgement to the customers of taking note of their STOP payment instructions, remittances within India, Foreign Exchange Services, payment of compensation of clients in case banks fails to return security documents/title deeds related to mortgaged property within 15 days of repayment of all dues, Lending etc. The policy is based on the principles of transparency and fairness in the treatment of customers.

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 having to ask for it, the bank expects instances when the customer has to approach BANKING OMBUDSMAN or any other Forum for redressal.

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.

UNAUTHORIZED / ERRONEOUS DEBIT:

If the bank has raised an unauthorized/erroneous debit to an account, the entry will be reversed immediately on being informed of the erroneous debit, after verifying the position. In the event of such an error resulting into a financial loss for the customer by way of reduction in the minimum balance applicable for payment of interest on savings bank deposit or payment of additional interest to the bank on 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 standing instructions due to insufficiency of balance on account of the unauthorized/erroneous debit, the bank will compensate the customer to the extent of such financial losses.

In case verification of the entry reported to be erroneous by the customer does not involve a third party, the bank shall 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.

In case verification of the entry reported to be erroneous by the customer and the bank is convinced that an irregularity/fraud had been committed by the bank's staff, the bank will at once acknowledge its liability and pay the just claim.

Even in cases where neither the bank is at fault nor the customer is fault but the fault lies elsewhere in the system, then also bank will compensate the customers up to a sum of INR 5 LACS in line with the Bank's policy as approved by the Standing Committee on Customer Service.

ECS DIRECT DEBITS/OTHER DEBITS TO ACCOUNTS:

The bank will undertake to carry out standing instructions/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 instructions/failure to carry out the instructions.

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 charge in violation of the arrangement, the bank will reverse the charges when pointed out by the customer subject to scrutiny of the agreed terms and conditions. Any consequential financial loss to the customer will also be compensated.

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 within 2 working days of the customer intimating the transaction to the bank and give value dated credit to protect the interest of the customer. Any consequential financial loss to the customer will also be compensated.

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 the bank's experience that time 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. Bank however, would consider upfront credit against such instruments by purchasing the cheque/instrument if requested by the customer at the time of lodging the cheque to the bank 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 credit to Nostro Account/due date after taking into account normal cooling period (currently 21 days from the date of credit to Nostro Account). The compensation in such cases will be worked out as follows:

- Interest for the delay in crediting proceeds as indicated in the CHEQUE COLLECTION POLICY of the bank.
- Compensation for any possible loss on account of adverse movement in foreign exchange rate.

REMITTANCES IN INDIA:

The compensation on account of delays in collection of instruments would be as indicated in the CHEQUE COLLECTION POLICY of the bank.

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 bank's branch, the bank shall immediately on coming to know of the loss, bring the same to the notice of the account holder so that the account holder 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.

The bank will compensate the account holder in respect of the instruments lost in transit in the following way in line with the compensation policy of the bank:

In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection in the CHEQUE COLLECTION POLICY of the bank, interest will be paid for the period exceeding the stipulated collection period at the applicable rate for term deposit for the respective period.

In addition, bank will pay interest on the amount of the cheque for a further period of 15 days at Savings Bank rate to provide for likely further delay in obtaining duplicate cheque/instrument and collection thereof. 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.

DELAYED RETURN OF SECURITY DOCUMENTS/TITLE DEEDS OF MORTGAGED PROPERTY

Return to client all the securities/documents/title deeds related to mortgaged property within 15 days of the repayment of all dues agreed to or contracted against acknowledgement of receipt of original securities/documents/title deeds from the authorized signatory of the client as per bank record. In case we do not return to the client the securities/title deeds to mortgaged property within 15 days of repayment of all dues to the satisfaction of bank, pay Rs. 50/- day as compensation to client for delayed period beyond 15 days. If any right to set

off is to be exercised for any other claim, give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.

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 specific service delivery parameters.