

## **Fair Practice Code**

### **a) INTRODUCTION**

The Indian Banks' Association has drafted and circulated a voluntary code which sets the standards for fair practice standards when dealing with individual customers. Though voluntary, the standards set by the IBA in the Fair Practice Code provide valuable guidance to Banks in dealing with customers setting higher standards in our dealings with customers and promotes competition and market forces.

It is, and shall be, our policy to make credit products available to all qualified applicants without discrimination on the basis of race, caste, colour, religion, sex, marital status, age (over that of majority), or handicap.

Our policy is to treat all the clients consistently and fairly. Our employees will offer assistance, encouragement and service in a fair, equitable and consistent manner. We will also communicate our Fair Practice Code to our customers by placing it on the bank's website.

We shall ensure that charges/fees which affect the interest of the prospective borrowers are appropriately informed to the borrower. Terms and conditions pertaining to the facility will be conveyed to prospective borrowers. We commit that disputes arising out of the lending decisions will be appropriately resolved by a grievance redressal mechanism set up by us.

We will ensure that the implementation of the Fair Practice Code is the responsibility of the entire organisation. Bank's Fair lending practices shall apply across all aspects of our operations including marketing, loan origination, processing, underwriting, servicing, and collection activities. Our commitment to Fair Practice Code would be demonstrated in terms of employee accountability, monitoring and auditing programs, training and technology.

The Bank's Board of Directors and the Management Team is responsible for establishing practices designed to ensure that our operations reflect our strong commitment to fair lending and that all employees are aware of that commitment.

Kotak Mahindra Bank Limited is committed to providing service of the highest quality to its clients.

This Fair Practice Code applies to the following categories of products and services offered by us (currently offered or which may be introduced at a future date).

- 1) Deposit Accounts – Current, Savings and Term Deposits
- 2) Collection and Remittance services offered by Banks
- 3) Loans and overdrafts
- 4) Foreign Exchange Services
- 5) Card Products
- 6) Third Party products offered through our network
- 7) Advisory services other para Banking services.

The Fair Practice Code is applicable to all of the above irrespective of whether the same is provided at the Branch, over the phone, by post, through interactive electronic devices likes kiosks, on the internet or by any other method we maybe currently using or may introduce at a future date.

(Commitments made in the Code are applicable under normal operating environment).

## **b) KEY COMMITMENTS**

The key commitments which we promise to follow in our dealing with our customers :

- a) Act fairly and reasonably in all our dealings with our customers by ensuring :
  - Our products, services, procedures and practices will meet the commitments and standards in this Code.
  - Our products and services will meet relevant laws and regulations
  - Our dealings with our customers will rest on ethical principles of integrity and transparency.
- b) We will assist customers in understanding how our financial products and services work by
  - Providing information about them in simple Hindi and/or English and/or the local language
  - Explaining their financial implications and
  - Helping the customer choose the one that meets his / her needs.
- c) We will make every attempt to ensure that customers have a trouble free experience in dealing with us; but if something does go wrong, we will deal with the same quickly and sympathetically
  - Mistakes will be corrected quickly
  - Complaints will be handled quickly
  - In case a customer is not satisfied with the way a complaint is handled, we will guide the customer on how to take the complaint forward
  - We will reverse any charges applied to a customer's account due to an error on our part
- d) The Code will be publicised by us through our website.

## **c) INFORMATION**

We will guide our customers in choosing products and services which meet his / her requirements.

- a) At the time of opening an account / before the customer relationship is established, we will :
  - Give the customer information explaining the key features of the services and products the customer has shown interest in
  - Give information on accounts, products and services which may suit the customer's needs
  - Clearly state the information that we require to collect from the customer to fulfil our KYC norms and to comply with legal and regulatory requirements.
  - Request for additional information about the customer and his / her family to build a database; but this information is furnished by the customer only if s/he wishes to do so. We will not compel the customer to part with additional information for opening an Account.
- b) We will provide information on the various channels that can be used to access its products and services. The customer will also be informed on where further information on this is available.
- c) Once a customer has chosen an Account; we will tell the customer how it works.
- d) We will guide our customers on rights and responsibilities specific to the mode of operation under which the account is opened.
- e) We will recommend nomination facility to all our customers at the time of opening deposit accounts or availing of a safe deposit locker.
- f) In case a customer had not availed of a nomination, we will provide guidance in dealing with deposits and other assets held by us in the name of a deceased person.

## **d) INTEREST RATES**

- a) A customer may find our Term Deposit Interest Rates through
  - Branches
  - Calling our Customer Contact Centre (Phone Banking)
  - Our website
  - Asking any of our designated staff

- b) At the time of opening an account or availing of a loan, we will provide the customer with information on
  - The rate of interest applied to the customer's accounts
  - When interest will be paid on the account
  - When interest will be debited to the account (in case of loan account)
- c) We will also provide customers with information such as web site address, Customer Contact Centre numbers and other ways for the customer to find out about changes in the rate of interest.
- d) We will explain how interest is applied to the customer's account; interest will be calculated in accordance with the formulae and conventions advised by Indian Banks' Association.
- e) **Change in Interest Rates** : When we change interest rates on products, the updated information will be made available through channels like our website and Phone Banking in as short a time as possible and in any case within three working days of the change. Changes from time to time will be notified as per our policy / practice.
- f) **Interest on Savings Accounts** : At the time of opening a Savings Account, we will inform the customer, the rate of interest paid on the Savings Account (presently, regulated by the Reserve Bank of India), the method of calculating interest and the periodicity at which it is applied.

#### e) **CHARGES**

- a) We will make available any charges applicable to products and services applicable at the time a customer signs up for the same.
- b) A customer can also inquire about charges that are applicable to his / her Account at
  - Branch counters
  - Calling our Customer Contact Center
  - Our website
- c) If we increase any charges or introduce a new charge, we will notify customers at least a month before the revised / new charges are levied. However in case of changes due to regulatory requirements we may not be able to give one month's notice.
- d) We will communicate (to customers) charges for any service or product before providing the same.
- e) We will provide charges for any service or product whenever the customer requests for the same.
- f) We will provide details of any charges that are levied for using ATMs.

#### f) **TERMS AND CONDITIONS**

- a) When a customer enrolls / accepts a product or service for the first time, we will provide the customer with the Rules and Regulations that are relevant to the product / service.
- b) All Terms and Conditions will be fair and will set the customer's rights and responsibilities clearly and in plain language. We will use legal or technical language only where necessary.

##### **Changes in Terms and Conditions**

- c) At the time of customer sign up, we will inform the customer how s/he will be notified about changes to terms and conditions.
- d) Normally we will provide customers with a 30 day prior notice before changing any terms and conditions.
- e. If we have made any change without notice, we will notify the change within 30 days. If such change is to the customer's disadvantage, the customer may within 60 days and without notice, close the account or switch it without having to pay any extra charges or interest.

#### **ADVERTISING AND MARKETING**

- a) We will ensure that all advertising and promotional material is clear, fair, reasonable and not misleading.

- b) At the time of account opening, we will seek the specific consent of the customer for giving his / her name and details such as address to any other entity in our group or third party for marketing purposes.
- c) We will provide our customers with a full range of financial products the customer is eligible for. Some of these products / services will be our own; some others maybe the products of the group or companies with which we have tie-up arrangements. We will inform the customer of these group companies / companies with which we have entered into a business arrangement and if the customer so desires, we will direct the staff / agents of the company for marketing their products / services.

## **ACCOUNT OPERATIONS**

### **Statements**

- a) We will provide our account holders statements at regular intervals to help the customer manage his / her accounts and check account entries. The eligibility for receiving statements and the periodicity will be determined by the type of account and will be as per our policy.
- b) In case an account holder requires statement at a frequency greater than the frequency defined by the product and our policy, we will make the statement available to the customer at a greater frequency but may charge for the service.
- c) An account holder can view last few transactions in his / her account through an ATM or through the Internet Banking facility provided by us.

### **Clearing Cycle / Collection Services**

#### **1. Time Frame for Collection of Local / Outstation Cheques / Instruments:**

For local cheques presented in clearing credit will be afforded as on the date of settlement of funds in clearing and the account holder will be allowed to withdraw funds as per return clearing norms in vogue.

Cheques / Instruments presented in high value clearing (with the minimum value of Rs.1 lac or as determined by the local clearing house) shall be credited on the same day (applicable only in areas covered by high value / same day clearing).

For cheques and other instruments sent for collection to centres within the country the following time norms shall be applied:

- a) Outstation Cheques deposited at any of the bank branches and payable at the state capitals would be credited within a maximum period of 7 days. The days would be calculated excluding the intervening holidays at both the deposit location and the payable location.
- b) Cheques drawn on major cities (as identified by the Bank from time to time) would be credited within a maximum period of 10 days from the date of deposit. The days would be calculated excluding the intervening holidays at both the deposit location and the payable location.
- c) Cheques drawn on centers other than stated above will be credited within a maximum period of 14 days from the date of deposit. The days would be calculated excluding the intervening holidays at both the deposit location and the payable location.
- d) Cheque drawn on foreign countries: The bank is committed to ensuring that the instruments drawn in foreign currencies and payable outside India are collected in the quickest and most efficient manner.

Cheques drawn on foreign countries will be accepted for collection on 'best of efforts' basis.

Towards this the bank may enter into specific collection arrangements with its correspondent banks in those countries for speedy collection of such instrument(s). Bank would give credit to the party upon realization of

proceeds in the bank's Nostro Account with the correspondent bank after taking into account cooling periods as applicable to the countries concerned.

Country/Location specific norms wherever stipulated will be specified for the foreign currency instruments and made known to the customers at the point in time of accepting instruments for collection.

The above time norms are applicable irrespective of whether Cheque/instruments are drawn on the bank's own branches or branches of other bank.

Bank would take all required steps to follow-up for early realization of cheques and hence the reasons for any realization with delays cannot be generalized and are required to be decided based on the particular circumstances on a case to case basis. In cases where Bank or its agents has delivered the outstation cheque/s to the clearing / drawee bank, the onus thereafter would be on the clearing bank to clear the instrument/s as per the time lines laid down by RBI. In the event of unjustified delays by the clearing / drawee bank, Bank would determine the eligibility of interest payments for delayed realization in such cases.

## **2. Immediate Credit of Local / Outstation Cheques / Instruments:**

a) On a discretionary basis, for accounts that are maintained satisfactorily we will give immediate credit (and allow the customer to draw funds) for outstation cheques / instruments lodged by customers. The facility of immediate credit would also be made available in respect of local cheques at centres where no formal clearing house exists and in respect of outstation cheques / instruments upto Rs. 15000. Immediate credit will be subject to Service Charges announced by us from time to time.

b) This facility is discretionary and should not be taken as an on-going facility.

c) In the event of the cheque being returned unpaid, the bank shall recover interest in conformity with the applicable interest rate directive of Reserve Bank of India for the period the bank is out of funds.

d) Individual depositors desirous of availing facility may approach their base branch and carry out the necessary formalities for availing of the same.

## **3. Interest Payment for Delayed Collection**

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 above. 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 on interest on delayed collection.

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

a) Savings Bank rate for the period of delay beyond the time frame mentioned above for collection of outstation cheques.

b) Where the delay is beyond 14 days interest will be paid at the rate applicable for term deposit for the respective period.

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.

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.

#### **4. Collection Services – Cheques / Instruments lost in transit / Cheques dishonoured / in clearing process or at paying bank's branch:**

a) While we will take all precautions to ensure timely collection of cheques / instruments deposited with us, in the eventuality of a cheque / instrument being lost in transit or in the clearing process or at the paying bank, we will immediately inform the same to the account holder. The account holder will be advised to inform the drawer to stop payment of the instrument; the account holder will be asked to take adequate precautions so that other cheques issued by him / her are not dishonoured due to non-credit of the amount of the lost instrument.

b) The onus of lost instruments lies with us as the collecting Bank and not the account holder.

c) We will reimburse the account holder reasonable expenses incurred for obtaining the duplicate instrument and interest on the amount of the Cheque for a further period of 15 days at the Savings Account rate where the reason for obtaining duplicate instrument is reasonable and beyond the control of the account holder.

d) In case intimation regarding loss of instrument is conveyed to the customer beyond the time limit stipulated for collection, interest will be paid for the period exceeding the stipulated collection period at the rates specified.

e) If the cheque / instrument have been lost at the paying bank, the amount reimbursed to the customer for the loss of the cheque / instrument will be recovered from the paying bank.

In case, the cheque is lost by the bank, charges if any for recording the stop payment will be borne by the bank.

#### **Cash Transactions**

a) We will make all attempts to ensure the correctness of cash dispensed at our counters; the customer is advised to count and ensure correctness before leaving the cash counter.

b) We are committed to fulfilling the conditions of the RBI's Clean Note Policy; customers are requested to help us fulfil the norms set by the policy by depositing unstapled / unstitched notes and not writing anything on the face of the note.

#### **Direct Debits and Standing Instructions**

We will act on any mandate given by account holders for Direct Debits (e.g. ECS) and other Standing Instructions

#### **Cheques Issued**

a) We will maintain copies or originals of cheques paid from accounts for such periods as required by law.

b) In case of a dispute about a cheque paid from an account, we will provide a copy of the cheque (or the cheque) as evidence; provided the same is requested within a reasonable period after the entry has been made on the customer's account.

c) We will guide customers on dealing with unpaid cheques and stale cheques.

## **Accounts Operated /Services Rendered As Agents of Government and RBI**

- a) If we open an account on behalf of the Government / RBI, we will inform customer on the operational guidelines for the same.

## **Foreign Exchange Services Offered Through Authorized Branches**

- a) We will provide details of the service, exchange rates and charges that apply to foreign exchange transactions which the customer is about to carry out. If the same is not available / possible, we will inform the customer on how the charges will be worked out.
- b) If a customer wishes to transfer amounts abroad, we will guide the customer through this and provide
  - A description of the services we offer and how the same maybe used
  - The time required for the remittance to reach and reasons for any possible delays
  - The exchange rate applied when converting to foreign currency
  - Details of any commission or charges that have to be paid.
- c) If any remittance is to be received by a customer from abroad, we will provide the account holder the break up of the original amount received and the charges levied (if any).
- d) We will guide our customers through regulatory requirements / conditions relating to foreign exchange as and when required.

## **Protecting Accounts**

- a) We will guide our account holders on ways and means to protect accounts. More details on account protection are available in Section 11 of this Code.
- b) In case a customer reports that his / her cheque book or ATM / Debit Card has been lost or stolen or someone else knows the customer's PIN or other security information, we will take immediate steps to prevent the same from being misused on receipt of information as provided for in our Terms and Conditions.

## **CARDS AND PINS**

- a) We will send cards to only those customers who request for one or as a replacement to a card already held.
- b) We will provide more details of Debit Card / ATM transactions that an account holder is unable to recognise that appears on an account statement.
- c) We will despatch PIN separately from the card; the PIN will not be revealed to anyone else.
- d) We will guide account holders through the process of changing / choosing their own PIN. This will make it easier for the account holder to remember the PIN.

## **PROTECTION**

### **Confidentiality**

- a) We will treat all personal account information as private and confidential – this will apply even after a customer discontinues his / her accounts with us.
- b) We will not reveal transaction details to any other entity including within the group other than the following exceptional cases
  - If we have to provide the information by law
  - If there is a duty to the public to reveal this information
  - If our interest requires us to provide this information (e.g. fraud prevention). We will not use this reason for giving information about customers or accounts to anyone else (including group companies) for marketing purposes.

- If we have taken the account holder's permission (for instance at the time of account opening) to provide such information to our group / associate / entities or companies for providing other services or products
  - Where the account holder asks us to reveal such information to our group / associate / entities or companies for providing other services or products.
- c) For protecting the customer's interest and our interest, we may install CCTVs where we deem fit.

## **GUIDELINES TO ACCOUNT HOLDERS – SAFEGUARDING ACCOUNTS**

This section is meant as a guide for our customers to help prevent their accounts from being misused.

### **Communication Links**

- a) Customers are required to inform us as soon as possible when there is a change in
- Name
  - Address
  - Phone number (including cellular phone numbers)
  - E mail address

### **Checking the Account**

- a) We advise all account holders to check account statements regularly. If there is an entry which seems incorrect, the same should be brought to our notice immediately to enable us to sort the same out.
- b) If we require investigating an account, the account holder is requested to cooperate with us and the police and any other authority (where there is a requirement to involve them).

### **Some Precautions**

- a) To help prevent frauds and prevent against misuse; account holders are advised that care should be taken by the account holder in handling and storing chequebooks, cards, PINs and other security information that we may communicate from time to time
- b) We advise all account holders to follow the guidelines given below :
- Blank cheque leaves should not be kept signed
  - Cards, PINs, passwords, other security information should not be used by anyone but the account holder
  - PINs should be selected carefully at the time of changing a PIN.
  - Account holders should learn the PIN, password or any other security information communicated by us and immediately destroy the notice containing the same.
  - PINs, passwords and security information should never be written down,
  - Account holders should take reasonable steps to keep card safe and in their personal custody and PINs, passwords and other security information confidential. The account holder should not store the PIN and Card together.
  - Card receipts should be kept safely and disposed off carefully.
  - Account details, passwords and other security information should not be divulged to anyone else unless the account holder knows who the person seeking such information is and why the information is required.

### **Some Precautions While Using Internet Banking Facilities**

- a) The Internet Banking site should be visited directly or through an authorised Payment Gateway and not through a link from another site. The domain name displayed should be verified to avoid spoof websites.
- b) We will never send an email asking customers for their PINs and passwords – customers are advised to ignore any such emails they may receive from any source.
- c) Internet Banking should not be accessed from cyber cafes.



- d) We advise all account holders using the Internet Banking facility to keep their PCs updated with the latest anti-virus software and virus definitions. As an added security measure customers should install a suitable firewall.

### **Loss of Chequebook or Card or PIN Known to Someone Else**

- c) Customers are advised to immediately inform us in case of loss of chequebook or card – the quickest way to do is by calling our Customer Contact Centre
- d) In case an account holder discovers that his / her PIN or other security information is known by someone else, the customer should immediately
- Change the PIN by accessing the respective service / channel (ATM, Internet Banking, etc.) OR
  - Contact us to regenerate the PIN – the quickest way to do so would be to call the Customer Contact Centre.

### **Cancelling Payment**

- e) An account holder may cancel a payment or series of payments authorised by the account holder (cheque issued but not yet paid, direct debit) as follows :
- Stop Payment of a Cheque or Cancellation of a Standing Instruction is possible by giving us a request in writing, through Internet Banking or by calling the Customer Contact Centre.
  - Direct Debit maybe cancelled by giving us or the originator the instruction in writing – account holders are advised to do both.

(The request for cancellation of payment should be given with enough notice to allow us time to act on the cancellation request).

### **Liability of Losses**

- a) If an account holder acts fraudulently or without reasonable care and this causes a loss to the account holder, we will not be liable for the loss (this includes the precautions as defined in this Code).
- b) An account holder's liability to any misuse on his / her Debit or Credit Card is limited to what is indicated by us at the time of issuing the card; unless the account holder acts fraudulently or without reasonable care.

### **e) LOANS AND ADVANCES**

- a) Before lending money, granting or increasing an overdraft, credit card or any other borrowing, we will assess the ability of the customer (borrower) to repay.
- b) Before granting or increasing an overdraft, we will inform the customer if the same is repayable on demand on otherwise.
- c) If we are required to reject an application for a loan, overdraft, credit card or any other borrowing the main reason/s for rejection will be conveyed in writing within a reasonable period of time to all the applicants irrespective of the amount of loan sought.

### **f) FURTHER ASSISTANCE**

#### **Complaints / Grievances and Feedback / Suggestions – Internal Procedures**

- a) We will guide customers who wish to lodge a complaint and also provide guidance on what to do in case the customer is unhappy with the outcome. Our staff will assist with any questions.
- b) A written or e-mail acknowledgement will be sent to customers by us as soon as possible on receipt of a complaint. Though all attempts will be made to do so immediately, we will ensure that an acknowledgement will reach within 2 weeks.
- c) After examining the matter, we will send a response as soon as possible (and in any case within eight weeks); we will also guide a customer on how to take the complaint further if the customer is not satisfied.

## **Banking Ombudsman Service and Other Avenues for Redressal**

a) If within 30 days of lodging a complaint with us, a satisfactory response is not received from us, the customer may pursue other avenues for redressal of grievances. The Banking Ombudsman appointed by the Reserve Bank of India under Banking Ombudsman Scheme 2006 maybe approached. Details of Banking Ombudsman are available in the Branch. Our staff will guide customers with the procedure in this regard.

## **Feedback and Suggestions**

a) We request our customers to provide feedback on our service to help improve services.

## **MONITORING**

- a) We have a “Nodal Officer” to ensure compliance of the Code. Our internal auditing procedures make sure we meet the Code.
- b) The Nodal Officer will co-operate with the Standing Committee setup at the Indian Banks’ Association to monitor the “**Bankers’ Fair Practice Code**”.

## **MORE INFORMATION ABOUT THE CODE**

- a) Any queries about the “**Bankers’ Fair Practice Code**” on which this Code is based maybe addressed to  
Indian Banks’ Association  
Stadium House, Block II & III  
Veer Nariman Road, Mumbai 400 020

Tel No : 022 2284 4999

Fax : 022 2283 5638

Email : [ibastadium@vsnl.net](mailto:ibastadium@vsnl.net)

Website : [www.iba.org.in](http://www.iba.org.in)

- b) A copy of the “**Bankers’ Fair Practice Code**” on which this Code is based is available on the website of the Indian Banks’ Association.
- c) The code will be available on our website and copies will be made available on request.