

Customer Acceptance Policy



The Sundargarh District Central Co-operative Bank Ltd.,

AT – REGENT MARKET, PO/DIST. – SUNDARGARH

PIN – 770001, ODISHA





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The Sundargarh District Central Co-operative Bank Ltd.,
SUNDARGARH – 770 001
Regd. No. 90/ SG / Dt.1.6.1955

RESOLUTION BY CIRCULATION OF THE PROCEEDINGS OF THE COMMITTEE OF MANAGEMENT
MEETING OF THE SUNDARGARH DISTRICT CENTRAL COOPERATIVE BANK LTD.,
SUNDARGARH HELD ON DTD 08.07.2025.

Venue : Office Chamber
Date: 08.07.2025

Agenda No 3

To consider approval of the
draft policy of
1.Management Policy
2.Fraud Risk Management
Policy
3.Loan Policy
4.Branch Management &
Operation Policy
5.Deposit Policy
6.Internal Checks & Control
Policy
7.Capital Management
Policy
8.Customer Compensation
Policy
9.Customer Acceptance
Policy
10.Customer Service Policy
as per prescribed guidelines
of RBI/ NABARD / RCS
(O).

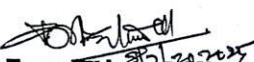
Resolution

Discussed and approved the following
draft policies as per prescribed guidelines
of RBI/ NABARD/ RCS (O) for execution.
1.Management Policy
2.Fraud Risk Management Policy
3.Loan Policy
4.Branch Management & Operation
Policy
5.Deposit Policy
6.Internal Checks & Control Policy
7.Capital Management Policy
8.Customer Compensation Policy
9.Customer Acceptance Policy
10.Customer Service Policy


Chief Executive Officer
Sundargarh DCC Bank Ltd.


PRESIDENT
Sundargarh DCC Bank Ltd.

Copy circulated to all members of the Committee of Management of the Bank for
information and necessary action.


Chief Executive Officer



Customer Acceptance, Customer Care and Customer Severance Policy

1. Preamble:

In view of the recommendations vide point No. 71 E.4 and point No. 72 of Damodaran Committee on Customer Service, Bank is required to design a policy for comprehensive coverage and implementation of Customer Acceptance, Customer Care and Customer Severance Policy in banks. Through this Policy Bank shall ensure that recommendations of the Damodaran Committee as well as relevant regulatory and other requirements are implemented in letter and spirit.

2. Scope:

Policy framework around Customer Acceptance, Customer Care and Customer Severance:

- i) Our Bank welcomes new relationship/ extension of existing relationship in all areas of Bank's business (Deposits, Advances, Credit Cards, Third Party Products, etc.). At the time of starting a new relationship/ extending existing relationship with customers, our Bank shall evaluate profits to and from the applicant, in line with extant regulatory as well as internal guidelines.
- ii) The Bank shall upfront intimate all applicable terms and conditions, charges/ fees etc. at the beginning of a new relationship. Customers' consent shall be obtained in the form of a written agreement/ on the application form/ terms and conditions. Wherever applicable, copies of the agreement shall be provided to the customers for reference.
- iii) Bank shall provide the most important documents in the prescribed font as per the guidelines and shall take customer agreement in writing as applicable for the relevant products.
- iv) In the event of the Bank not being able to enter into a relationship with the applicant for whatsoever reason, the same shall be communicated to the applicant within a reasonable timeframe, along with the reason for the same.
- v) Bank shall take into account the special requirements of Senior Citizens, Physically Challenged Persons, Women, students, teachers, armed forces/ services and such other class/ segment of Customers while designing products and services for such target groups
- vi) Bank shall also take into account the requirements of branches spread over different geographic locations / different categories of branches such as rural/ semi-urban/ urban/ metropolitan branches.
- vii) The Bank shall ensure that these policies are further detailed in the form of operational guidelines/ procedures/ instructions, as applicable and that these are widely communicated to all customers and other staff to facilitate satisfactory services to customers.



- viii) Bank shall ensure clear guidelines for recruitment/ placement of staff for specialized units such as customer service/ customer care departments. Bank shall put in place well defined mandatory training programmes for Induction and Refresher Training through Classroom Training, Online Courses, On-the-Job Training etc. This shall take into account the sensitivity of soft skills and communication skills needed for customer interaction and to render the highest degree of professional care to customer care and related requirements.
- ix) Our Bank shall always strive to accord priority to customer centric attitude. This will include the entire gamut of activities starting from recruitment, training, customer interaction, customer education, customer relationship management, audit and compliance, etc.

A. Policy framework around Customer Acceptance:

I. Customer Acceptance Policy (CAP)

In terms of RBI guidelines, the Customer Acceptance Policy (CAP) is one of the four parameters which broadly define the KYC/AML/CFT guidelines. The CAP has been framed for ensuring compliance with all applicable regulatory guidelines while establishing customer relationship and maintaining the related accounts as per profile of the customers, the details are as under:-

- i. No account shall be opened in anonymous/ fictitious/ benami name/s / shell companies.
- ii. No accounts shall be opened where Bank is not able to apply Customer Due Diligence (CDD) measures either due to non-cooperation of the customer or non-reliability of the KYC documents/ information furnished by the customer/ applicant. Bank can also close an existing account in similar circumstances, however, the decision to close an account is being taken at the Zonal Office, at the level of Deputy Zonal Manager /Assistant General Manager and above and after giving due notice to the customer explaining the reasons for Bank's decision.
- iii. The mandatory information shall be sought for KYC purpose at the time of opening an account and during periodic updation. Any optional/ additional information shall be obtained with the explicit consent of the customer after opening of the account.
- iv. CDD procedure shall be applied at the Unique Customer Identification Code (UCIC) level. Accordingly, no fresh CDD exercise shall be required while opening another account by any existing customer in the Bank.
- v. CDD procedure shall be followed for all individuals including all joint account holders while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorised signatory or the power of attorney holder related to any legal entity.

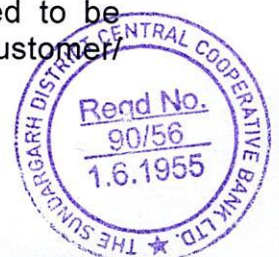


- vi. "Beneficial Owner" shall be identified/ verified necessarily while opening/ maintaining accounts having constitution as Partnership, Limited Companies, Trust etc.
- vii. Name screening of the prospective customer, before opening any account to be ensured that the identity of the prospective customer does not match with any person having known criminal background or with banned entities such as individual terrorists or terrorist organizations as advised by UN sanctions, OFAC, GOI, FIU-IND and RBI list being published from time to time. These lists have been made available through FINACLE on real time basis.
- viii. Wherever accounts are opened and be operated by mandate holder or accounts are opened by intermediaries in fiduciary capacities, it should be ensured that the circumstances in which the said mandate holder or intermediary is permitted to act on behalf of another person/ entity are clearly spelt out, in conformity with the established law and practice of banking.
- ix. If the customer is a Politically Exposed Person (PEP) as per knowledge of the Bank, the account of such person will be approved by Branch Head before opening.
- x. Re-KYC exercise shall be carried out as per the risk profile/ category of the customers and Fresh set of KYC documents, latest Photograph & need based financials shall be obtained.
- xi. No transaction or account based relationship is undertaken without following the CDD procedures.
- xii. Information collected from the customer for the purpose of opening of account is to be treated as confidential and details thereof are not to be divulged for cross selling or other purposes. It should be ensured that the information sought from the customers are relevant to the perceived risk, are not intrusive and are in conformity with the RBI guidelines issued in this regard.

While adopting/ implementing all above guidelines/ procedures, Bank shall ensure that banking/ financial facility shall be made available with due care to the general public and specially those who are financially or socially disadvantaged.

II. Risk Management:

- i) The customers are classified into High or Medium or Low Risk category based on the risk perception. Differential due diligence and monitoring standards shall be applied based on the Risk category. In order to enable the branches to correctly classify the customers' risk category, Bank has introduced a Customer Profile Sheet (CPS) which is required to be completed by the branches at the time of on-boarding of the customer.



opening of the account/ in case of need at the time of re-KYC. Some of the indicative parameters for determining the risk category of a customer based on the profile of the customer are:

- a. Constitution: Individual, Proprietorship, Private/ Public limited, Trust, etc.
 - b. Segment: Retail, Corporate, etc.
 - c. Country of Residence/ Nationality: India or any foreign country, Indian or foreign national.
 - d. Product Subscription: Salary Account, Business Income, NRI products, etc.
 - e. Economic Profile: High Net Worth Individuals, etc.
 - f. Account status: Active, Inoperative, and Dormant.
 - g. Volume of turnover, social and financial status, etc.
 - h. Politically Exposed Persons.
 - i. Geographical location within India (including the location of the customer's clients).
- ii) Appropriate documents and other information should be collected in respect of different categories of customers depending on their perceived risk.
- iii) Branches should prepare a profile for each new customer based on the risk categorization. The customer profile may contain information relating to customer's identity, social/ financial status, nature of business activity and other related information. The customer profile is a confidential document and details contained therein should not be divulged for cross selling or any other purposes.
- iv) Individuals (other than High Net Worth/ NRI customers) and entities whose identities and source of funds can be easily identified and transactions in whose accounts by and large conform to the known profile can be categorized as Low Risk.
- v) Customers who are likely to pose a higher than average risk to the Bank should be categorized as Medium or High Risk depending on the customers' background, nature and location of activity, country of origin, sources of funds, client profile, etc. In such cases enhanced /higher / intensive Customer Due Diligence (EDD) should be applied. Zones / Branches should therefore apply Enhanced Due Diligence measures based on the risk assessment, thereby requiring intensive 'Due Diligence' for higher risk customers, especially those for whom the sources of funds are not clear. The key components for due diligence are occupation, location, mode of payment, source of funds, volume and frequency of turnover etc.



vi) Illustrative examples of –

a) Low Risk category:

- salaried employees whose salary structures are well defined,
- people belonging to lower economic strata of society whose accounts show small balances and low turnover,
- Government Departments and Government owned companies,
- Regulators, Statutory Bodies, etc.
- Customers who are employment-based or with a regular source of income from a known source which supports the activity being undertaken.
- Pensioners, benefit recipients, persons whose income is from their partner's employment.
- Customers with a long-term and active business relationship with the bank.
- Customers other than those classified as High or Medium Risk.

b) Medium Risk category:

- Non-Banking Finance Companies.
- Stock Brokerage.
- Import/ Export
- Gas Station
- Car/ Boat/ Plane Dealership
- Electronics (wholesale)
- Travel Agency
- Used Car Sales
- Telemarketers
- Providers of telecommunications service, internet café, IDD call service, phone cards
- Phone center
- Dot-com company or internet business
- Pawnshops
- Auctioneers
- Cash Intensive Businesses such as restaurants, retail shops, parking-garages, fast food stores, movie theaters, etc.
- Sole Practitioners or Law Firms (small, little known)
- Notaries (small, little known)
- Secretariat Firms (small, little known)
- Venture capital companies



c) High Risk category:

- Individuals and entities in various United Nations' Security Council Resolution (UNSCRs) such as UN 1267, etc.
- Individuals or entities listed in the schedule to the order under section 51 A of the Unlawful Activities (Prevention) Act, 1967 relating to the purpose of prevention of, and for coping with terrorist activities;
- Individuals and entities in watch-lists issued by Interpol and other similar international organization;
- Customers with dubious reputation as per public information available or commercially available watch lists;
- Individuals and entities specifically identified by regulators, FIU and other competent authorities as high-risk;
- Customers conducting their business relationship or transactions in unusual circumstances such as significant and unexplained geographic distance between the institution and the location of the customer, frequent and unexplained movement of accounts to different institutions, frequent and unexplained movement of funds between institution in various geographical locations, etc.
- Customers based in High Risk Countries/ jurisdictions or locations;
- high net worth individuals,
- Trusts, charities, NGOs/ NPOs (especially those operating on a "cross-border" basis) unregulated clubs and organizations receiving donations (excluding NPSs/ NGOs promoted by United Nations or its agencies),
- companies having close family shareholding or beneficial ownership,
- Politically Exposed Persons (PEPs) of foreign origin, customers who are closed relatives of PEPs and accounts of which a PEP is the ultimate beneficial owner;
- Non-resident customers and foreign nationals;
- Embassies/ Consulates
- Off-shore (foreign) corporations/ business;
- non-face to face customers,
- Firms with "sleeping partners";
- Companies having close family shareholding or beneficial ownership;
- Complex business ownership structures, which can make it easier to conceal underlying beneficiaries, where there is no legitimate commercial rationale;
- Shell companies which have no physical presence in the country in which it is incorporated. The existence simply of a local agent or low level staff does not constitute physical presence;
- Investment Management/ Money Management Company/ Personal Investment Company;



- Accounts for “gatekeepers” such as accountants, lawyers or other professionals for their clients where the identity of the underlying client is not disclosed to the financial institutions;
- Client accounts managed by professional service providers such as law firms, accountants, agent brokers, fund managers, trustees, custodians, etc.;
- Trust, Charities, NGOs/ NPOs (especially those operating on a “cross-border” basis) unregulated clubs and organizations receiving donations (excluding NPOs/ NGOs prompted by United Nations or its agencies);
- Money Service Business including seller of Money Orders/ Travelers’ Cheques/ Money Transmission/ Cheque Cashing/ Currency Dealing or Exchange;
- Business accepting third party checks (except supermarkets or retail stores that accept payroll cheques/ cash payroll checks);
- Gambling/ gaming including “Junket Operator” arranging gambling tours;
- Dealers in high value or precious goods (e.g. jewel, gem and precious metal dealers, art and antique dealers and auction houses, estate agent and real estate brokers);
- Customers engaged in a business which is associated with higher levels of corruption (e.g. arms manufacturers, dealers and intermediaries);
- Customers engaged in industries that might related to nuclear proliferation activities or explosives;
- Customers that may appear to be multi-level marketing (MLM) companies, etc.

In our bank we have already classified Jewelers, Bullion Dealers, Money Changers, petrol pump/service station, liquor and wine dealers, NRI customers, NGOs, Trusts as mandatorily high risk customer. We have also categorized Builders, Finance & Stock Brokers as mandatorily MINIMUM Medium risk. Branches are advised to open accounts of NRIs in constitution code 82 and NGOs in constitution code 55, Trusts in 56. However, care must be taken to ensure that the adoption of customer acceptance policy and implementation of customer risk categorization do not became too restrictive and Customer Acceptance, Customer Care and a Customer Severance Policy do not result in denial of banking service to general public, especially to those, who are financially or socially disadvantaged.

- vii) The risk categorization of customers is reviewed half yearly, through a system driven procedure centrally in our organization. The last such review was carried out on 22.06.2021 for a period upto 31st March, 2021. As a measure towards proper monitoring of transactions, we have identified additional lines of occupations of customers. Specific codes have been assigned for the newly identified occupations and they have been uploaded into the Finacle system. Knowing the occupation/ activity of the customer is very important in risk categorization as the nature of transactions, value/ volume of transactions, turnover in the account, etc. depend on occupation. **Hence, it is essential that the occupation of the customer is properly understood by the branches and clearly specified/ written in the Account Opening Form.**



viii) **The following should be importantly kept in mind:**

Wherever the occupation code is shown as Retail Trader, Small Businessman, Trader, Wholesale Distributor, Self Employed, Private Employee, MNC Employee, Industrialist or Entrepreneur, the exact nature of the business or service should be written in the Account Opening Form (AOF) e.g. in the case of Retail Trader, the branch should find out from the customer the exact items in which he is carrying out the retail activity and mention the same in the AOF. **Knowing the specific nature of the business/ activity/ profession from which the turnover/ income/ salary etc. is derived, is important.**

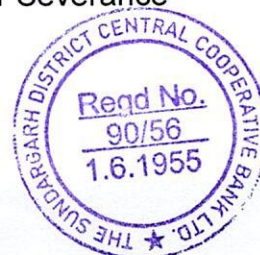
As a further step towards monitoring of accounts, we have fixed threshold limits for all the occupations. Threshold limits means the credit turnover in an account during twelve months. In terms of the present guidelines of RBI, the risk categorization is to be reviewed every six months. Our IT Department has configured a programme which runs every six months for carrying out the review of the Risk Categorization centrally. Branches are required to note the following:

- Fill in the correct Occupation code in the relevant field in the system for all new accounts being opened henceforth. In no account should the Occupation be filled in incorrectly.
- Even after filling in the Occupation code, find out the exact activity (especially in case of Retail Trader, Small Businessman, Trader, Wholesale Distributor, Self Employed etc.
- Occupation code field has been made **MANDATORY** in the system.

B. Policy framework around Customer Care:

In line with the Master Circular on Customer Service issued by RBI and various Model Policies issued by IBA, our Bank has already adopted and implemented various policies pertaining to customer service/ care. These Policies have been designed keeping in mind Customer Care/ Service and most of the Policies are placed on the Bank's website for ready reference of the Customers. These policies are:

1. Code of Bank's Commitment
2. Model Compensation Policy,
3. Cheque Collection Policy,
4. Grievance Redressal Policy,
5. Quality Policy
6. Model Policy – Bank's Deposit
7. Model Policy – Deceased Customer
8. KYC – AML – CFT Policy
9. Policy on Customer Rights
10. Policy on Customer Acceptance, Customer Care and Customer Severance

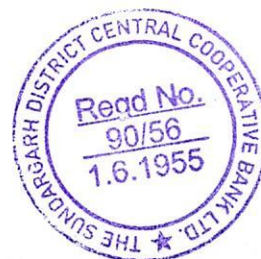


These policies detail the guidelines for dealing with the Customer Service/ Care requirements under relevant situations and towards ensuring fair treatment to customers in all dealings/ interaction with our Bank. The above referred policies are reviewed periodically and updated as per directions of Reserve Bank of India.

We give below details of the Action points taken by the Bank for Customer Care:

i) Grievance Redressal Mechanism and its Review:

- a. Our Bank clearly recognizes Redressal as a vital component of customer service and has in place a well-defined Board Approved Grievance Redressal Policy.
- b. In addition to implementing the approved Grievance Redressal Policy, our Bank shall ensure implementation of the following key elements with regard to effective Grievance Redressal across channels.
- c. Our Bank has Operational Customer Relationship Management (OCRM) module in place, through which complaints are received, recorded and tracked for faster resolution. Complainants can give their feedback on the resolution provided by the Bank.
- d. The Bank shall ensure that the OCRM system and related processes are implemented to resolve grievances raised by customers as well as non-customers. Our Bank shall ensure this by creation of proper Customer Care channels which work in an integrated manner across channels like – branches, call centers, IVR, Internet and Mobile, to provide assistance to customers and non-customers alike. The personnel working at the Call Centers, who receive queries/ complaints/ service requests etc., shall be made well equipped to furnish relevant information to the customer and shall also be empowered to help the customers through bank's officials posted at the Call Centre.
- e. Our Bank shall ensure that OCRM system not only allows well defined mechanism for recording and resolving customer complaints, but also allows enough intelligence availability with respect to the type of complaints at the Bank level (which is presently taken out of the OCRM). This shall ensure timely and faster Closure of complaints. Using this intelligence, our Bank shall continuously strengthen its internal redressal mechanism, thereby reducing the extent of escalations to external forum and regulatory bodies.
- f. Bank shall put in place a clear escalation mechanism if complaints are not resolved at the first customer touch point. Bank shall also give wide publicity to the escalation mechanism available to the customer through posters/ website and various collaterals used for customer communication.



- g. Bank shall have an Internal Ombudsman, an independent authority not below the rank of Deputy General Manager or equivalent of another Bank/ Financial Sector Regulatory Body, as an additional layer of grievance redressal to act in the same manner as existing RBI appointed Banking Ombudsman.
- h. Bank shall ensure well set mechanism which allows review, by the Top Management of our Bank, of the quality of the customer service rendered, which would include quality and timelines of resolution.
- i. Our Bank shall ensure analysis of frequent areas of complaints and root cause, and remedial steps are tabled before the Customer Service Committee of the Board for review, guidance and conclusive implementation.
- j. In order to infuse greater customer confidence, the Bank shall provide wide visibility to the Banking Ombudsman (BO) Scheme and its applicability by way of pamphlets giving its salient features, campaigns and communication through multiple channels.
- k. In line with the Banking Ombudsman (BO) Scheme, the Bank shall appoint Nodal Officers at various locations. Bank shall appoint senior officials to handle the important role of Nodal Officer and will give due empowerment to these officials, to facilitate them to act as a key link between our Bank, our customers and the office of the Banking Ombudsman (BO).
- l. The Bank will analyze every BO Award for process gap, accountability action and table the same to the Standing Committee and to the Board.
- m. Our Bank shall collaborate with consumer organizations across regions, with a view to understand customer issues and for disseminating customer education.

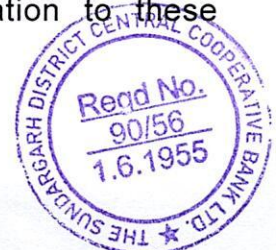
Employee Recruitment/ Training/ Education around Customer Service:

The Bank shall ensure clear guidelines towards recruitment of staff for specialized units such as customer service/ customer care departments. Bank shall put in place well defined mandatory training programs for Induction and Refresher Training through Classroom Training, Online Courses, On-The-Job training, etc. This shall take into account the sensitivity of soft skills needed for customer interaction and to render the highest degree of professional care to customer care and related requirements.

The Bank shall always strive to give priority to customer centric attitude. This will include the entire gamut of activities starting from recruitment, training, customer interaction, customer education, customer on-boarding, customer relationship management, audit and compliance, etc.

ii) Review of Customer Service Framework:

The internal inspection/ audit of the bank will address attributes on customer service and complaints management to give due representation to these elements in the final audit rating.



The Customer Service Committee of the Board shall be empowered to review the implementation of the Bank's Code of Commitments to Customers. Any non-compliance shall be treated as complaint.

The Bank shall strive towards implementation of the code of Banks commitment to customers and Medium and Small Enterprise (MSE) issued by the Banking Code and Standards Board of India (BCSBI) and shall provide thrust to awareness of the Code. Bank shall also ensure comprehensive review of the code implementation to keep up the commitment to the Bank customers.

The Bank shall continue efforts to familiarize and train new staff to follow and implement the code. The Bank will submit a periodic review status report of the provision of BCSBI code to the Board of directors.

In terms of RBI Circular No. RBI/2017-18/89 DBR.No.Leg.BC.96/ 09.07.005/2017-18 dated 09.11.2017 our Bank has adopted the Doorstep Banking Services for basic banking services to Senior Citizens of more than 70 years of age and Differently Abled or Infirm Persons (having medically certified chronic illness or disability) including those who are Visually Impaired, subject to certain terms and conditions.

C. Policy framework around Customer Severance:

- The bank shall ensure implementation of the well laid guidelines and processes in relation to Customer Severance situations e.g. account closure, loan termination, loan foreclosure, etc. The relevant processes for account closure shall be followed in letter and spirit in all possible instances e.g. either customer induced or bank induced.
- In cases of customer induced account closure the bank shall, as a prudent practice, attempt to understand the underlying issues, if any, leading to the separation. The Bank shall make all reasonable efforts to retain the customer by eliminating the product/ service issues, if any. This shall be used to bridge gaps in process and service, if any.
- Under all circumstances, the Bank shall honour the customer's free will and ensure hassle-free closure of account within the framework of extant regulatory guidelines.

The bank shall carry out review of relationship at regular frequency. In the event customer's account behavior is in contravention to the extant regulatory guidelines e.g. AML, transaction pattern not matching with the profile, etc., the bank shall take necessary steps to intimate the customer with a request to provide evidences in support of transaction pattern/ account behavior, etc. In the event that the customer is unable to provide appropriate evidences or the customer is not traceable beyond a reasonable time-frame, bank will take steps to cease the relationship by obtaining due internal approvals and by issuing notice.

The Bank shall ensure comprehensive implementation of the above policy as well as annual review of the same through Customer Service Committee of the Board and the Board of Directors. This shall ensure strengthening the framework of Customer Acceptance, Customer Care, Customer Service and Customer Severance.



Monitoring and Oversight Mechanism:

Effective implementation and monitoring of the Customer Acceptance, Customer Care and Customer Severance Policy is the responsibility of the branches and controlling authorities i.e. Zones/ NBGs/ Head Office.

Periodicity of Review:

Frequency of the review of the policy will be one year. However, the policy will be reviewed before the expiry date if there is any change in the guidelines issued by RBI or the Bank during the operative period.


8/7/2025
CHIEF EXECUTIVE OFFICER
SUNDARGARH DIST. CENTRAL
CO-OP BANK LTD.
SUNDARGARH

