

SECTION - I

Customer Grievance Redressal Mechanism

1. Introduction

In the present scenario of competitive banking, excellence in customer service is the most important and effective tool for sustained business growth. Customer complaints are part of the business life of any corporate entity. This is more so for banks because banks are service oriented organizations.

Unity Small Finance Bank Limited (hereinafter referred to as “**the Bank**”) believes that providing prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. The Bank shall strive to provide the highest quality of customer service to ensure continued customer satisfaction, retention, and sustained growth of business. It shall also operationalize a mechanism for effective redressal of customer grievances.

This policy document aims at minimizing instances of customer complaints and grievances through proper service delivery and review mechanism and to ensure prompt redressal of customer complaints and grievances. The review mechanism should help in identifying shortcomings in product features and service delivery. The bank's policy on grievance redressal follows the under noted principles. The policy document would be made available at all branches. The concerned employees should be made aware about the complaint handling process.

2. Objective

The objective of this Policy is to provide a framework, to enable the Bank to address Customer Complaints, Grievances and Redressal through grievance mechanism.

The Bank, through a comprehensive Customer Grievance Redressal Policy, intends to put in place systems, procedures, and review mechanism for minimizing instances of customer complaints and grievances and to ensure their prompt redressal. The key objectives of this policy are as under:

- Ensure unbiased, fair, and just treatment to customers, including both depositors and borrowers, on an ongoing basis
- Consistently assess the impact of services in order to serve clients better
- Provide clients formal and informal channels for feedback and suggestions
- Put in place a formal grievance redressal mechanism for clients and educate customers on such mechanism
- Ensure speedy and efficient resolution of customer issues with adherence to basic principles of transparency and integrity
- Educate the customers about alternate escalation mechanisms within and outside the Bank, for resolution of the complaints / issues if they are not satisfied with the Bank's response
- Ensure that there is a mechanism for compensating customers for any financial loss incurred by them on account of service gaps
- Protect customers against fraud, deception, or unethical practices.

3. Applicability

The policy document shall cover the details of grievance redressal mechanisms for customers and the procedures that the employees of the Bank need to follow when such a complaint arises or received. The policy shall apply to employees of the Bank as well as Business Correspondents (BCs)/ Agents and shall be applicable in respect of all customers catered to by branches or by BCs/ Agents/ business partners of the Bank. The policy shall cover all the products and services offered by the Bank including third party products distributed by the Bank.

4. Governance Structure

In line with RBI Guidelines, the Bank will put in place a grievance redressal mechanism at three levels i.e., the Board, Senior Management and Branches. The Customer Service Committee at the Board level shall assess and review the overall implementation of customer service policies and initiatives. The Standing Committee on Customer Service at Senior Management level shall serve as a micro level executive committee for driving the implementation of customer service policies and initiatives. It shall act as a bridge between the various units of the Bank and Customer Service Committee of the Board. The Branch Level Customer Service Committee shall act as a formal channel of communication between the customers and the Bank at the branch level. Branch Level Customer Service committees have been formed at all branches of the Bank. Bank also conducts monthly branch level customer meetings; this forum encourages customer to share their feedback and experience with the Bank. Feedback from these sessions is recorded and taken up for implementation. Customers shall directly approach the Corporate office of the Bank for any grievances/ complaints.

Banks shall review customer service / customer care aspects in the bank and submit a detailed memorandum in this regard to the Board of Directors, once every six months and initiate prompt corrective action wherever service quality / skill gaps have been noticed.

4.1 Customer Service Committee of the Board

The Committee shall include experts and representatives of customers as invitees and may also invite the Managing Director & Chief Executive Officer (MD & CEO)/ equivalent position and the Chairman of the Board to attend the meetings as and when such need arises. The Committee shall meet at least four times a year to review customer service/ customer care aspects, and to understand the difficulties faced by the customers and to get feedback on ways to improve customer service.

For Committee meetings, any two members of the above-mentioned membership shall form a quorum. Each Committee meeting shall be attended by a director, the Principal Nodal Officer (PNO) / Grievance Redressal Officer/ Nodal Officer, CBO and any one of CRO, CCO, CIO or COO.

The primary responsibilities of the Committee are as follows:

- Review and approve Customer Grievance Redressal Policy of the Bank
- Review details and types of complaints, ombudsman awards, implementation etc., and the time taken by the bank to resolve the said complaints. While examining the customer complaints data, the Committee shall also review staff accountability aspects.
- Take regular input on customer experience and service delivery from the Standing Committee on Customer Service, which in turn shall obtain inputs from Branch Level Customer Service Committees/ any other such committee/ PNO/ Grievance Redressal Officer and give suitable recommendations on key areas of improvement.
- Review the audit findings on quarterly basis of the services rendered to the customers
- Review results of survey of customer satisfaction and decide on steps for improvements in quality of customer service
- Review the details of the number of claims received pertaining to deceased depositors/ locker-hirers (if applicable) and those pending beyond the stipulated period, giving reasons
- Assess various types of customer/borrower complaints. Analyse the trend of such cases to ensure timely closure of complaints and taking steps to prevent recurrence of complaints of similar nature.
- Review Banking Ombudsman (BO) awards on a periodic basis, address systemic deficiencies brought out by these awards and report cases with delayed implementation of more than 3 months to the Board through the Customer Service Division with reasons for delay in facilitating necessary remedial action on priority
- On a quarterly basis, review the position of the complaints against the Bank with the BO offices/ Consumer Courts/ Courts and analyse the reasons for these complaints not getting resolved by the Bank itself and suggest measures for reducing the TAT for resolution of complaints.
- Ensure correct disclosure of the customer complaints in the financial statements.
- Review the minutes of the Standing Committee on Customer Service

4.2 Standing Committee on Customer Service

- The Standing Committee on Customer Service meets on a quarterly basis and is chaired by the MD & CEO of the Bank and in his absence same shall be chaired by PNO/ Grievance Redressal Officer. This includes the senior management of the Bank and non-officials (customer, preferably a senior citizen) as its members.
- The Internal Ombudsman, shall be a special invitee to the meeting. The Standing Committee on Customer Service shall meet on a periodic basis to review the implementation of customer service initiatives across the Bank.
- For Committee meetings, the minimum quorum shall be at least 3 members of the above-mentioned membership.

The primary responsibilities of the Committee shall be as under:

- Analyse the complaint received – number, nature, turnaround time, systemic deficiencies noticed, and improvements required
- Ensuring timely and effective compliance of the RBI instructions on customer service
- Obtaining independent feedback on the quality of customer service to ascertain if the action taken by the Bank are in tune with the spirit and intent of such instructions
- Reviewing existing practices and procedures which may lead to frequent customer complaints, and initiate necessary corrective actions on an ongoing basis to improve these procedures
- Submitting the report/minutes of the meeting to the Customer Service Committee of the Board covering the areas reviewed, procedures/ practices identified and simplified
- Examining the quarterly reports submitted by the Branch Level Customer Service Committees and providing relevant feedback to the Customer Service Committee of the Board.

4.3 Branch Level Customer Service Committees

The Branch Level Customer Service Committee shall act as a formal channel of communication between the customers and the Bank at the branch level. Branch Level Customer Service committees have been formed at all branches of the Bank. Bank also conducts monthly branch level customer meetings; this forum encourages customer to share their feedback and experience with the Bank. Feedback from these sessions is recorded and taken up for implementation. Customers shall directly approach the Corporate office of the Bank for any grievances/ complaints.

4.4 Customer Service Division

A Customer Service Division (CSD) under Operations vertical shall have the overall responsibility of customer service. The primary responsibility of CSD shall be as under:

- Perform root cause analysis of customer complaints
- Placing minutes to Standing Committee on Customer Service, capturing customer grievances, cases of delay and other difficulties faced by customers and customer feedback/suggestions to improve customer service.
- Enable the Standing Committee to examine the inputs/suggestions and provide relevant feedback to the Customer Service Committee for necessary policy/procedural action.

4.5 Grievance Redressal Officer and Principal Nodal Officer (PNO)

The PNO at the Head Office level shall be the point of contact with whom the BO, Indian Banks' Association (IBA) and RBI can liaise for resolution of customer complaints.

The CSD shall ensure that the following details are displayed in the branches and on the website of the Bank.

- Details of Principal Nodal Officer/ Regional/ Zonal Nodal officers along with the complete address, telephone / fax number, email address, etc
- Contact details of the BO Offices of the respective areas
- Grievance Redressal Mechanism

5. Complaints Handling and Resolution Process

A 'complaint' means a representation in writing, through electronic means/telephone or oral containing a grievance alleging deficiency in banking service as mentioned in clause 8 of the Banking Ombudsman Scheme, 2006.

5.1 Types of Complaints

- **Transaction related:** In the areas of deposit/ cash / opening of account/ transfer of account/closure of account/ claims on deceased depositors' accounts/ TDS /service charge, etc.
- **Branch related:** Basic facilities to customers/ ambience/ Customer service area/ long queue, etc.
- **Staff related:** Alleged harassment, misbehaviour /use of rude language, alleged bribery etc.
- **Lending related:** Delayed disbursements, modifications in terms and conditions of sanction, excessive follow-up for collections, improper behaviour of recovery agents, discrimination based on gender, caste, religion, loan frauds and such other lending related complaints
- **Technology related:** Disputed ATM transaction/ POS transaction/ Internet banking transaction/Mobile banking transaction/ RTGS/ NEFT
- **Business Correspondent related:** Misbehaviour/ use of rude language, mis-selling of products, levy of fees/ commission/ additional charges, technology related issues at BC outlets, non-availability of the BC agents at field level, denial of services to customers, etc.

The customer complaints received by the Bank shall be categorized based on the criticality and severity of the complaint, which shall be guided by the Bank's Standard Operating Procedures (SOPs). While all categories of grievances shall be dealt with the same urgency and speed, the resolution provided, and the action taken may vary based on the severity.

The Bank's grievance redressal mechanism provides for a comprehensive framework for registration, tracking, resolution, and analysis of customer complaints. A robust review mechanism shall assist the Bank in identifying and resolving gaps in customer service, product

features and the delivery of the products through its own branches and BCs/ agents.

5.2 Registration & Tracking of Complaints

1. The customer shall be able to register the complaint through multiple channels which may include:
 - Complaint form/ suggestion box
 - Complaints register or oral complaints at the branch
 - Written or verbal complaints from customers at centre meetings, compulsory group trainings, exit interviews, etc.
 - Complaint calls to the Branch, / helpdesk number
 - Grievances received through emails or through internet or mobile banking
 - Complaints received through BO, BCSBI, RBI, Centralized Public Grievance Redress & Monitoring System (CPGRAMS) of the Government of India
 - Complaints received through physical letter and Social Media
2. The customer shall be given an acknowledgement of his complaint instantly by way of a reference number, in case of complaints received on Customer service email id and in branches. All customer complaints received through digital channels shall be acknowledged through emails/ SMS. In case of complaints received on RBI CMS portal and by way of emails from RBI, the Bank shall ensure that the complaints are responded within stated timelines.
3. A copy of the complaint shall be sent to the Customer Service Division - Head Office of the Bank. The PNO shall ensure that the complaints are resolved within the timelines as stipulated in the SOPs, if the complaints are received through complaint/ suggestion box or complaint register. For any customer complaints received through alternate channels such as customer care numbers, website, or emails or through external channels such as BO, BCSBI or CPGRAMS, the PNO shall ensure that the complaints are assigned to the respective business units responsible for resolution within the stipulated timelines as specified in the SOPs.
4. The Customer Service Division shall maintain a register for all complaints received along with timelines and actions taken for resolution.

5.3 Resolution of Complaints / Grievances

- The PNO shall monitor the resolution of complaints and ensure that these complaints are not escalated.
- The customer grievance escalation mechanism shall be displayed in the branches and on the website.

- The timeframe for resolution of complaint shall be communicated to the customers and in case, additional time shall be required for redressing the grievance, an interim response shall be sent to the customers.
- The PNO shall review the classification and allocation of complaints to respective departments and check whether the resolution is complete and correct.

5.4 Escalation of Complaints

The Bank shall adopt a four-tier approach for handling escalation of complaints/ grievances by the customers. Escalation of customer complaints/ grievances shall be handled in a structured manner as under:

Level of Escalation	Official to be approached	Mode of communication
Level 1	Centralised Customer Care team/ Regional Nodal Officers	Call/ E-mail/ Physical mode
Level 2	Level 2 Escalation Officer	Call/ Email
Level 3	Principal Nodal Officer (PNO) / Grievance Redressal Officer (Central)	Call/ Email
Level 4	Reserve Bank of India- Integrated Ombudsman	Online (through portal)/ Email/ Physical forms (via post/ hand-delivered complaints)

Please note:

1. The Bank shall put in place an escalation matrix, duly approved by the Board, from time to time. This approved matrix shall specifically contain the names, designations, address and contact details of the designated officials.
2. The Bank shall inform the customers that if the customer is not satisfied with the resolution provided by the centralized customer care team or regional nodal officers or if the customer does not hear from us in 7 days, they may approach the Level 2 Escalation Officer.
3. If the customer is not satisfied with the resolution provided by the Level 2 Escalation Officer or if the customer does not hear from us in 15 days, the Bank shall inform the customer that he may approach the PNO/ Grievance Redressal Officer (Central) . The Bank shall ensure that appropriate efforts are made to resolve the escalated complaints within the Bank itself. In case of inability to resolve the complaint within the Bank, appropriate reasons shall be documented for non-resolution of such complaints.

4. If the customer is not satisfied with the resolution provided by the PNO/ Grievance Redressal Officer (Central) or if the customer does not hear from us in 30 days, then the customer may escalate his grievance to the banking ombudsman within one month from the date of such intimation. The Bank shall endeavor to redress all customer grievances through its internal grievance redressal mechanism.

6. Customer Compensation

The Bank shall compensate the customer for financial losses, if any, in the following cases only after proper verification:

- Erroneous/ unauthorized debit to customer account
- Failed transactions through remote delivery channels where the amount is debited to customer account
- Failure to execute direct debit/ ECS debit instructions
- Payment made under cheque after acknowledging stop payment instructions
- Delayed collection of local/ outstation cheques
- Lost cheques/ instruments while in transit, during clearing or at the Branch
- Violation of code by the Banks' staff or agent
- Mis-selling of third-party products
- Delay in credit to customer's account

The procedure for the pay-out of compensation amount shall be in line with the Bank's Customer Compensation Policy. The pay-out of compensation shall be approved as per the approval matrix outlined in the Delegation of Financial Authority approved by the Board.

7. Reporting Requirements

PNO/ Grievance Redressal Officer (Central) shall place to Customer Service Committee of the Board/ Standing Committee on Customer Service a report containing the following key aspects, on a periodic basis, including but not limited to the:

- Gaps in implementation of code of conduct towards customers
- Changes required in products/ services/ procedures to improve customer service
- Instances of mis-selling of products
- Position of complaints against the Bank with BO & Consumer Courts
- Root cause analysis of the top five complaints category for each quarter.