Customer Acceptance, Customer Care and Customer Severance Policy

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1) Introduction:

HDFC Bank understands the need for a well-defined customer acceptance, customer care and customer severance policy to ensure prompt and inclusive services to all customers within the prescribed regulatory framework as well as defined processes of the Bank. In this regard, Damodaran Committee on Customer Service, constituted by the Reserve Bank of India, has also recommended certain important themes which have been incorporated to design the policy towards comprehensive coverage and implementation of customer acceptance, customer care/customer service and customer severance in the bank.

2) Scope and Objectives:

Through this Policy the bank shall ensure that the recommendations of the Damoradan Committee as well as relevant regulatory and other requirements are implemented in letter and spirit.

The policy seeks to ensure the below:

I. Policy framework around Customer Acceptance:

i. The bank welcomes new relationship / extension of the existing relationship in all areas of the bank's business (Deposits, Advances, Credit Cards etc.). At the time of starting a new relationship / extending the existing relationship with the customers, the bank shall evaluate the profile of the applicant in line with the extant regulatory as well as internal guidelines.

ii. Bank will upfront intimate all applicable Terms & Conditions, Charges / Fees etc. at the beginning of a new relationship. Customers' consent will be taken in the form of a written agreement. Wherever applicable, copies of the agreement will be provided to the customer for reference.

iii. Bank will provide the Most Important Documents in the desired font as per guidelines and will take customer agreement in writing as applicable for the relevant products.

iv. In the event that the bank is not in a position to enter into a relationship with the applicant, the same will be communicated to the applicant within reasonable timeframe along with reason for the same.

II. Policy framework around Customer Care / Customer Service:

In line with Master Circular on Customer Service issued by the Reserve Bank of India and various Model Policies issued by the Indian Bank's Association, our Bank has already designed and implemented various policies viz. Cheque Collection Policy, Customer Compensation Policy, Comprehensive Deposit Policy, Grievance Redressal Policy, Policy on Collection of Dues and Repossession of Security, Customer Rights Policy, Customer Protection Policy etc. These policies detail the guidelines for dealing with the customer service requirements under relevant situations and towards ensuring fair treatment to customers in all dealings/interaction with the Bank. The referred policies will be reviewed periodically and updated.

The Bank will ensure that these policies are further detailed in the form of operational guidelines/ procedures as applicable and those are widely communicated to all customer facing and other staff to facilitate superior service to customers.

i. Employee Recruitment/ Training / Education around Customer Service:

a) The Bank will ensure clear guidelines towards recruitment of staff for specialized units such as customer service / customer care departments. Bank will put in place well defined mandatory training programs for Induction and Refresher Training through Classroom Training, Online Courses, On-The-Job training etc. This will 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.

b) The Bank will 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. Grievance Redressal Mechanism and its Review:

a. The Bank clearly recognizes grievance redressal as a vital component to customer service and has put in place a well-defined Board approved Grievance Redressal Policy.

a) In addition to implementing the approved Grievance Redressal Policy, the bank will ensure implementation of following key elements with regards to effective grievance redressal across channels:

b) The Bank has invested in a full-fledged state of the art Customer Relationship Management (CRMNext) system to receive, record and track customer issues and complaints. Bank will ensure effective usage of the CRMNext System.

c) The Bank will ensure that the CRMNext system and related processes are implemented to resolve grievance raised by customers and non-customers. Bank will ensure this by creation of proper Customer Care channels which works in an integrated manner across channels like - branches, call centers/ IVR, email channels, social media, internet and mobile to provide assistance to customers and non-customers. The personnel in the Customer care channels who receive the complaints/ queries/requests will be made well equipped to furnish relevant information to the customer and shall also be empowered to help customers.

d) Bank will ensure that CRMNext system not only allows well defined mechanism for recording and resolving customer complaints, it will also allow enough intelligence availability with respect to the type of complaints at the Bank level and the turnaround time for resolution of such complaints. This will ensure timely, adequate and quality of closure of complaints. Using this intelligence, the bank will continuously strengthen its internal redressal mechanism, thereby reducing the extent of escalation to external forum and regulatory bodies.

e) Bank will put in place a clear escalation mechanism if complaints are not resolved at the first customer touch point. Bank will also give wide publicity to the escalation mechanism available to the customer through posters/website and various collaterals used for customer communication.

f) The Bank will ensure well set mechanism which allows review, by the Top Management of the Bank, of the quality of customer service rendered which would include quality of response and timelines of resolution.

g) Bank will ensure that analysis of frequent areas of complaints and root cause remediation steps are tabled to the Customer Service Committee for review, guidance and conclusive implementation.

h) In order to infuse greater customer confidence, the Bank will give wide visibility to the Reserve Bank Integrated Ombudsman (RBIOS) Scheme and its applicability by way of campaigns and communication through multiple channels.

i) In line with the Reserve Bank Integrated Ombudsman (RBIOS) Scheme, the Bank will appoint Principal Nodal Officer. The bank will prominently display the name and contact details (Telephone/mobile number and E-mail ID) of the Principal Nodal Officer along with the details of the complaint lodging portal of the RBI Ombudsman (https://cms.rbi.org.in) at the website and branches/places where the business is transacted, for the benefit of the customers. The bank will also appoint Nodal officers at various locations to assist the Principal Nodal officer for operational efficiency. Bank will 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 Bank, customer and the office of RBI Ombudsman.

j) The Bank will analyse number of complaints received and resolved by the bank during the quarter from all channels including CPGRAMS, frequent area of complaints, number of cases where appeals have been filed (if any), Turn Around Time(TAT) taken for grievance resolution, cases in which timelines (regulatory/internal) have not been adhered to, complaints on unauthorised electronic banking transactions, RBIO Award (if any) for process gap, accountability action and table the same to the Standing Committee on Customer Service and to the Board.

k) The Bank will collaborate with consumer organizations across regions with a view to understand customer issues and for disseminating customer education.

iii. Customer Training / Education around Customer Service:

a) The Bank will strive to create awareness among customers on financial education through different mediums and technology and will cover key segments of customers across geographies. The Bank is committed to follow in letter and spirit all extant regulatory guidelines in this regard.

b) The Bank will adopt various approaches to proliferate financial literacy as part of a larger corporate strategy.

c) The Bank will give special impetus to educate customers in the use of technology in banking. Bank will make optimal use of all medium to ensure education/awareness of the customer and to gather suggestions from customers.

iv. <u>Review of Customer Service Framework:</u>

a) 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.

b) The Customer Service Committee has been empowered to review the implementation of the Bank's Code of Commitments to Customers. Any non-compliance will be treated as complaint.

c) The Bank will strive towards implementation of the code of Bank's commitment to customers and the Code of Bank's Commitment to Micro and Small Enterprises (MSE) issued by the Banking Code and Standards Board of India (BCSBI) and shall provide thrust to awareness of the Code. Bank will also ensure comprehensive review of the code implementation to keep up the commitment to the Bank customers.

d) The Bank will continue efforts to familiarize and train new staff to follow and implement the code.

III. Policy framework around Customer Severance:

i. The bank will 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 will be followed in letter and spirit in all possible instances e.g., either customer induced, or bank induced.

ii. In cases of customer induced account closure, the bank will, as a prudent practice, attempt to understand the underlying issues, if any leading to the separation. The Bank will make all reasonable efforts to retain the customer by eliminating the product / service issues, if any. This will be used to bridge gaps in process and service, if any.

iii. Under all circumstances, the bank will honour the customer's free will and ensure hassle-free closure of account within the framework of extant regulatory guidelines.

iv. The bank will carry out review of relationship at regular frequency. In the event customer's account behaviour is in contravention to the extant regulatory guidelines e.g., AML, Transaction pattern not matching with the profile etc., the bank will take necessary steps to intimate the customer with a request to provide evidences in support of transaction pattern / account behaviour 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 will ensure comprehensive implementation of the above policy as well as review of the same at regular interval through Standing Committee on Customer Service, Customer Service Committee of the Board and the Board of Directors. This will ensure strengthening the framework of Customer Acceptance, Customer Care, Customer Service and Customer Severance.

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