



fincare
Small Finance Bank

Fincare Small Finance Bank

POLICY ON SAFE DEPOSIT LOCKER

-VERSION 2



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1. Applicability:



1.1. Departments: Branch Operations, Risk & Control, Compliance, Internal Audit & Secretarial

1.2. Product Lines: All Products

1.3. Function: All Functions

1.4. Staff: All Staff members

1.5. Geography: All

2. Context:

2.1. Compliance Context: This policy has been drafted on the basis of compliance obligations as detailed in Appendix I.

2.2. Governance Context:

2.2.1. Board: Applicable

2.2.2. Sub Committee of Board: Customer Service Committee of the Board

2.2.3. Management Committee: Standing Committee on Customer Service

2.2.3. Best Practice Context: Applicable

3. Policy Content:

All personnel carrying out their duties with regard to the safe deposit lockers, should ensure that they comply with the requirements of this policy.

4. Objective:

This Process sets out the broad parameters of the locker services provided to the customers, locker issuance, rent receipts, power of attorney, surrender of locker, break open of locker and various notices that are being sent, among other general guidelines and to serve as a one-point reference for safe deposit lockers.



5. Eligible Customers:

Fincare Bank Account holders -Individuals, either singly or jointly or Two or more persons jointly or Two or more persons with operative instructions "Either or Survivor" or "Anyone or Survivor" or "Former or Survivor" clause, Firms, Limited Companies, Specified Associations and Clubs and Trusts may avail this facility. Non-Resident Indians, who are constituents of the Bank, may also be extended this facility. Lockers can be hired by Illiterates and Blind persons also. However, lockers cannot be hired in the name of minors. Lockers can also be issued to non-customers after successful CDD.

6. Customer due diligence:

Due diligence shall be carried out for all the customers. Recent passport size photographs of all the locker hirer(s) and individual(S) authorised by locker hirer(s) to operate the locker shall be taken and preserved at the respective branches as part of record keeping.

7. Locker Allotment:

Bank maintains a central MIS of vacant lockers which is extracted from the core banking system, helps in maintaining transparency on allotment of locker. In case of non-availability of locker, the branch registers the details of the customers requesting for the same in wait list register which is part of core banking system and provide the waitlist number to the customer. Every time there is a surrender of locker, the wait list customer will be alerted to visit the branch for allotment of locker. The Profile system is enabled in such a way that, as and when the waitlist details are updated, basis the locker availability, an SMS is triggered to the 1st waitlist customer asking them to visit the branch for locker allotment within three working days. If the allotment is not done in three working days to 1st customer in the waitlist, the SMS will be triggered to the next customer in the waitlist register and allotment is done based on the waitlist customer who turns up to the branch within the stipulated time. If the customer fails to come within the said timeline and the locker is allotted to the customer next in line of waitlist, the previous waitlisted customer if he visits the branch for allotment after the stipulated period, then a fresh waitlist number has to be allotted by entering the details in profile system and locker wait list register respectively and the process to be followed as mentioned above.

8. Locker Agreement:

All existing locker agreements should be revised within January 1st, 2023, as per the revised RBI circular "RBI/2021-2022/86 DOR.LEG.REC/40/09.07.005/2021-22" dated 18th August 2021 in line with the IBA specification and Board approved. Locker agreement shall be executed on a stamp paper as per the respective state regulations where the locker is located. A photocopy of the signed original locker



agreement shall be furnished to the locker hirer to know his/her rights and responsibilities Original Agreement shall be retained with the bank's branch where the locker is situated.

9. Locker Rent:

Locker Rent is fixed by the Bank and is subject to revision based on the requirement and approval of respective stake holders. On allotment of locker, the locker rent will be collected for the entire month irrespective of date of the month. Locker rent for period (month of allotment till March of current FY) is to be collected in advance. 3 years locker rent along with breaking open charges in case of any eventuality is to be collected from the customer as a term deposit. The locker rent shall be recovered from the account of the locker hirer(s) on an annual basis and on pro-rated basis at the time of allotment. Term deposits can also be taken from existing customers where the account balances/operation is not satisfactory.

As locker rent is collected in advance, in the event of surrender of locker by the customer, the proportionate amount of advance rent collected will be refunded to the customer.

On Surrender of locker, the proportionate locker rental amount to be refunded to the customer.

10. Merger/closure/shifting of branch having locker facility:

If the branch having locker facility is relocated/merged/closed, the Bank shall give prior information to the customer at-least 2 months in advance. The public notice in two newspapers (including one local daily in vernacular language) shall be given to intimate the customers on such changes. During emergency shifting due to natural calamities, the Bank shall take the best efforts to inform customers suitably.

11. Infrastructure and security standards:

All the mechanical lockers installed should confirm to basic standards/benchmark for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards as applicable.

The entry and exit of the strong room and the common areas of operation should be covered under CCTV camera and preserve its recording for a period of not less than 180 days. In case any customer has complained to the bank that his/her locker is opened without his/her knowledge and authority, or any theft or security breach is noticed/observed, the bank should preserve the CCTV recording till the police investigation is completed and the dispute is settled.

There should be only one entry and exit point for locker rooms. Locker Cabinet should be housed in a secured place which is protected against rain and flood water from entering and causing damage to the lockers. Also, the same should be free from fire hazards.



Locker keys before issuance/allotment should be embossed with the Bank code and branch code on all the keys. The locker hirer can put an additional padlock on his/her own interest if there is provision to do so.

The security aspects of the safe deposit lockers will be the subject of internal audit. The auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

12. Locker operation by customers:

Locker operations will be allowed within the Business hours of the Bank's branch. Locker registers to be updated with in time and Out time of the locker hirer(S) with signature and date. The same to be maintained digitally and send an email and SMS alert to the registered email id and mobile number of the locker Hirer(s) on same time the locker is operated as part of positive confirmation. This is system automated trigger.

The Bank shall ensure adequate privacy to the locker hirers in the operations when customers access the lockers at the same time. Curtain of the grill door / locker room to be closed when customer is accessing the locker

13. Internal Controls for locker operations:

1. Interchange of locks to be done for all surrendered lockers before allotting it to another locker hirer.
2. Vacant locker key should be held in separate envelope. Duplicate master key should be deposited at the nearest branch along with the other duplicate keys.
3. Periodic verification of locker keys- Surrendered and vacant should be done by a non-locker custodian and the reports should be held on record.
4. Locker registers and locker key registers to be maintained digitally in profile and any changes in locker register should be updated immediately and complete audit trails should be available for verification at a later date.
5. The bank custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the locker must be immediately closed, and the locker-hirer shall be promptly intimated by Calling them on their registered mobile number and sending communication via registered e-mail, SMS so that they may verify (discrepancy if any) in the contents of the locker.
6. The bank custodian shall record the fact of not closing the locker properly in the register and its closure by the bank with the date and time. Further, the custodian of the locker room shall carry out a physical check of the locker room at the end of the day to ensure no personal belongings of the customer are left and that no person is inadvertently trapped in the locker room after banking hours.
7. Bank shall ensure that the Locker Register and the Locker Key Register are maintained in CBS or any other computerized system compliant with the Cyber Security Framework issued by the



Reserve Bank. The Locker Register shall be updated in case of any change in the allotment with complete audit trails.

14. Nomination Facility:

1. Branch officials should educate the customer for availing nomination facility.
2. Passport size photograph of the nominee attested by the customer should be obtained from the customers at their option and preserved in the records as part of locker agreement and additional documents.
3. Cancellation of nomination or change of nomination should be captured in the core banking system.
4. Acknowledgement for all such nomination requests should be given to the customers immediately.

15. Settlement of deceased claim:

For Nomination/Survivor cases:

Please refer the Deceased claim policy of the Bank for settlement of safe deposit locker articles. The settlement of such deceased claims needs to be completed within 15 days from the date of receipt of the claim, subject to production of all documents by the claimant required for settlement of deceased claim.

The Bank shall ensure the following before giving access to the contents to claimant(nominee/survivor):

- (i) Exercise due care and caution in establishing the identity of the claimant(survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence
- (ii) Make diligent effort to find out whether there is any order or direction from Courts/Forums restraining it from giving access to the locker of the deceased, and
- (iii) Make it clear to the claimant(survivor(s) / nominee (s) that access to articles in the locker / safe custody articles is given to them only as a trustee of the legal heirs of the deceased locker hirer i.e., such access given to them shall not affect the right or claim which any person may have against the survivor(s) / nominee(s) to whom the access is given.

Similar procedure shall be followed for return of articles placed in the safe custody of the bank.

The bank to ensure that, the contents of locker, when sought to be removed on behalf of a minor nominee, are handed over to a person who is, in law, competent to receive the articles on behalf of such minor. Further, the bank to prepare an inventory of the articles in the presence of two independent witnesses, one officer of the bank who is not associated with the locker facility or safe deposit of articles and the claimant (s), who may be a nominee or an individual receiving the articles, on behalf of a minor.



The bank to obtain a separate statement from the nominee (claimant) or the person competent to receive articles on behalf of the minor, as the case may be, that all the contents in the locker or in the safe custody of the bank, as the case may be, are received and the locker is empty, and they have no objection to allotment of the locker to any other customer as per norms.

While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, the officials to avoid insisting on the production of succession certificate, letter of administration or probate, etc., or obtain any bond of indemnity or surety from the survivor(s)/nominee(s), unless there is any discrepancy in nomination.

For cases where there is no nomination, the Board approved policy on Deceased claim settlement to be followed in accordance.

16. Break open /Closure and discharge of locker items:

Break open of locker may occur in the following circumstances:

1. When locker holder loses the keys and requests for break open at his/her cost.
2. Government enforcement agencies/Income tax authorities approach the branch with orders from the Court or competent authority to seize lockers and request for access.
3. If the Customer is not abiding to the terms and conditions of the locker agreement and the Bank decides to break open the locker.

The standard operating procedure for each of the scenario is as mentioned below:

A. When locker holder loses the keys and requests for break open at his/her cost:

If the key of the locker, supplied by bank is lost by the locker-hirer, the customer (locker hirer) shall notify the bank immediately. An undertaking should also be obtained from the customer that the key lost, if found in future, will be handed over to the bank. All charges for opening the locker, changing the lock and replacing the lost key should be recovered from the hirer. The charges applicable for replacement of lost keys shall be communicated to the locker hirer.

The opening of the locker has to be carried out by the bank or its authorized technician only after proper identification of the hirer, proper recording of the fact of loss and written authorization by the customer for breaking open the locker.

The operation shall be done in the presence of the customer/s and an authorized official of the bank. It has to be ensured that the adjoining lockers are not impacted by any such operations and the contents of the lockers are not exposed to any individual other than the locker-hirer during the break-up or restoration process.



B. Attachment and recovery of contents in a Locker and the Articles in the safe custody of the bank by any Law Enforcement Authority:

In case of attachment and recovery of the contents in a locker of a customer or the articles left by a customer for safe custody of the bank by any Authority acting either under the orders of a Court or any other competent authority vested with the power to pass such orders, the banks shall co-operate in execution and implementation of the orders.

The bank to verify and satisfy itself about the orders and the connected documents received for attachment and recovery of the contents in a locker or articles in the safe custody of the bank. The customer (locker-hirer) shall be informed via letter by Central Operation as well as by email and SMS to the registered email id/mobile phone number that the Government Authorities have approached for attachment and recovery, or seizure of the locker or articles deposited for safe custody. An inventory of the contents of locker and articles seized and recovered by the Authority shall be prepared in the presence of such Government Authorities, two independent witnesses and an officer of the bank and shall be signed by all. A copy of the inventory may be forwarded to the customer at the address available in the bank's records or handed over to the customer/s against acknowledgement in person.

Banks shall also record a video of the break-open process and the inventory assessment, wherever legally permissible, and preserve the video to produce as evidence in case of any dispute or Court or fraud case in future.

C. Discharge of locker contents by banks due to non-payment of locker rent:

Bank has the discretion to break open any locker following due procedure if the rent has not been paid by the customer for three years in a row. The bank shall ensure to notify the existing locker-hirer prior to any changes in the allotment and give him/her reasonable opportunity to withdraw the articles deposited by him/her.

Before breaking open the locker, the bank shall give due notice to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number by central operation team (If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two daily newspapers (one in English and another in local language) giving reasonable time to the locker-hirer or to any other person/s who has interest in the contents of locker to respond. The locker shall be broken open in the presence of an officer of the bank and two independent witnesses.

Further, Branch shall also record a video of the break open process together with inventory assessment and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future. Bank shall also ensure that the details of break- open of locker is documented in CBS apart from locker register. After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory inside fireproof safe in tamper-proof sealed condition by the time customer claims it. A record of access to the fireproof safe shall invariably be maintained. While returning the contents of



the locker, the branch officials shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

Branch shall ensure that the inventory prepared after break- open of the locker and during settlement of claims, is in the appropriate forms as provided. Further, they shall not open sealed/closed packets left with them for safe custody or found in locker while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

D. Discharge of locker contents if the locker remains inoperative for a long period of time:

If the locker remains inoperative for a period of seven years and the locker-hirer cannot be located, even if rent is being paid regularly, the bank shall be at liberty to transfer the contents of the locker to their nominees/legal heir or dispose of the articles in a transparent manner, as the case may be. Before breaking open the locker, the bank shall follow the procedure as prescribed in paragraph above.

Bank shall have a Standard Operating Procedure (SOP) for breaking open the lockers for all possible situations keeping in view the relevant legal and contractual provisions.

17.1. Liability of Banks:

The Bank will ensure to exercise due diligence in maintaining and allowing operations in the lockers or safe deposit systems. This includes having the lockers in proper functioning condition, allowing only authorised access to the lockers and having safety measures to avoid theft and robbery.

17.2. Liability of banks arising from natural calamities like earthquake, flood, thunderstorm, lightning etc. or due to sole negligence of the customer:

While the Bank will take adequate measures to safeguard their premises and lockers from the natural catastrophes, the Bank shall not be liable for any damage and /or loss of contents of locker arising from natural calamities or Acts of God like earthquake, floods, lightning and thunderstorm or any act that is attributable to the sole fault or negligence of the customer.

17.3. Liability of banks arising from events like fire, theft, burglary, dacoity, robbery, building collapse or in case of fraud committed by the employees of the bank:

The Bank will be responsible to ensure that incidents like fire, theft/ burglary/ robbery, dacoity, building collapse do not occur in the bank's premises due to its own shortcomings, negligence and by any act of omission/commission. In instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the banks' liability shall be for an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.

The Bank will also adhere to the master directions on frauds for reporting requirements about the instances of robberies, dacoities, thefts and burglaries.



18. Risk Management, Transparency and Customer Guidance

A. Insurance of locker contents by the customer:

Bank shall clarify in its locker agreement that as they do not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, they would not be under any liability to insure the contents of the locker against any risk whatsoever. Since the Bank does not keep a record of the contents of the locker or of any articles removed therefrom or placed therein by the customer, the Bank will not be under any liability to insure the contents of the locker against any risk whatsoever. The Bank shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

B. Customer guidance and publicity:

Availability of locker facility at various branches to be made available on the website, with rentals, model agreement forms and terms and conditions on the website for customer guidance. This needs to be revised periodically to confirm the latest position of locker availability. Bank shall also display updated information on all kinds of charges for safe deposit lockers and safe custody articles on its websites. Bank shall also place on its website, the instructions together with the policies / procedures put in place for giving access of the locker/safe custody article to the nominee(s) / survivor(s) / legal heir(s) of the deceased locker hirer/safe custody article. Further, a printed copy of the same should also be given to the nominee(s) / survivor(s) / legal heir(s).

Bank should display Standard Operating Procedures (SOPs) on various aspects on its website. The bank shall ensure that the customers are made aware of the bank's terms and conditions to avail those facilities.

19. Reporting:

Bank shall report to the Customer Service Committee of the Board, on half-yearly basis, the details of the number of claims received pertaining to deceased locker-hirers / depositors of safe custody article accounts and those pending beyond the stipulated period, with reasons therefore by central operation team Customer Service Committee of the Board of the banks shall review the settlement of claims and make suggestions to ensure that the claims are settled as early as possible unless there is any litigation pending before the Courts or any difficulty is being faced in identifying the true claimant with reference to nomination.

20. Review of the Policy:

The policy will be reviewed annually. Revision of this policy is the principal way of formalizing changes and adjustments in Locker operations at Fincare Small Finance Bank. Such revisions provide flexibility to the process at Fincare Small Finance Bank and ensure that the Policy remains relevant at all times.



This policy shall be reviewed every year unless some changes occur in the management of Branch which requires immediate changes to be made in the Policy. Any changes in the RBI regulations in relation with the policy will be applicable to the Bank and will be followed Mutatis Mutandis and will not require specific Board approval.

The Branch Operations Department will review change requests and recommend / reject any proposed revisions. The Branch Operations Department Head / Committee / Board will review the recommendation and accepts / rejects the proposed revision. If accepted, the Branch Operations Department will ensure that appropriate revisions are incorporated, and a new version is circulated to relevant users.

21. Document Review and Approval:

8.1. Policy Owner: Branch Operations

8.2. SME: Shreejith Menon

8.3. Effective date: 01-01-2022

8.4. Revision history: Feb 2023

Version	Author	Date	Revision
1	Meenaal R	15-09-2021	Policy Initiation
2	Srashti Agarwal	25-10-2022	Revision along with cosmetic change

Appendix 1:

Regulatory reference RBI circular no: RBI/2021-2022/86 DOR.LEG.REC/40/09.07.005/2021-22 dated 18th August 2021