

LOCKER POLICY 2021

Division: Retail Liability Business Division

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Policy Custodian

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Safe Deposit Locker / Safe Custody Article Facility

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1. Policy Overview

Objective/Purpose

Punjab National Bank is offering Locker facility for its esteemed customers at it different branches. Safe Deposit Locker facility is **one of the ancillary services provided by the Bank to its customers**. Lockers Branches are equipped with high security features and specially built strong rooms. Presently locker facility is available in 5883 branches across the country.

Taking into consideration the various developments in the area of banking and technology, nature of consumer grievances and also the feedback received from bank and Indian Banks' Association (IBA), Reserve Bank of India ('the Reserve Bank') has reviewed the guidelines/instructions issued on the above subject.

RBI has advised Bank to frame its own Board approved policy/ operational guidelines in this regard.

Applicability:

The policy shall come into force with effect from January 1, 2022 (except where otherwise specified) and be applicable to both new and existing safe deposit lockers and the safe custody of articles facility with the bank.

Policy Change and Frequency of Review:

Locker policy is governed by Regulatory guidelines issued from time to time.

Unless required due to Regulatory Guidelines, the Policy shall be valid till next review.

1. Allotment of Locker / Customer Due Diligence

1.1 The existing customers of a bank who have made an application for locker facility and who are fully compliant with the Customer Due Diligence as per guidelines KYC Policy of the Bank (as updated from time to time) may be given the facilities of safe deposit lockers/ safe custody article subject to on-going compliance.

1.2 Customers who are not having any other banking relationship with the bank may be given the facilities of safe deposit locker / safe custody article after complying with the CDD KYC Policy of the Bank (as updated from time to time) and subject to on-going compliance. The due diligence shall be carried out for all the customers in whatever rights and capacities they may be hiring the locker.

1.3 The locker-hirer/s shall not keep anything illegal or any hazardous substance in the Safe Deposit locker. If the bank suspects the deposit of any illegal or hazardous substance by any customer in the safe deposit locker, the bank shall have the right to take appropriate action against such customer as it deems fit and proper in the circumstances.

1.4 The bank shall obtain recent passport size photographs of locker-hirer(s) and individual(s) authorized by locker hirer(s) to operate the locker and preserve in the records pertaining to locker-hirer being maintained in the bank's branch.

1.5 In order to facilitate customers making informed choices, the bank shall maintain a branch wise list of vacant lockers as well as a wait-list in Core Banking System (CBS) for the purpose of allotment of lockers and ensure transparency in allotment of lockers. The bank shall acknowledge the receipt of all applications for allotment of locker and provide a wait list number to the customers, if the lockers are not available for allotment.

2. Locker Agreement

2.1 At the time of allotment of the locker to a customer, the bank shall enter into an agreement with the customer to whom the locker facility is provided, on a paper duly stamped. A copy of the locker agreement in duplicate signed by both the parties 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

2.2 The model locker agreement in conformity with the revised instructions shall be shared. Also the new locker agreements to be obtained from all existing locker customers by January 1, 2023.

3. Locker Rent

3.1 There is a potential situations where the locker-hirer neither operates the locker nor pays the rent. To ensure prompt payment of locker rent, a Term Deposit under income option shall be obtained, at the time of allotment, which would cover three years' rent and the charges for breaking open the locker plus Rs.1000/- (exclusive of GST).. However, such Term Deposits from the existing locker holders or those who have satisfactory operative account shall not insist on. The packaging of allotment of locker facility with placement of term deposits beyond what is specifically permitted, being restrictive practice, is not allowed.

3.2 The locker rent shall be collected in advance. In the event of surrender of a locker by a customer, Branches may refund rent for unavailed period of lease as per Bank/ IRMD Guidelines issued from time to time.

3.3 If there is any event such as merger / closure / shifting of branch warranting physical relocation of the lockers, the public notice in two newspapers (including one localdaily in vernacular language) shall be given and the customers shall be intimated at least two months in advance along with options for them to change or close the facility. In case of unplanned shifting due to natural calamities or any other such emergency situation, bank shall make efforts to intimate their customers suitably at the earliest.

3.4 Staff including honorably retired staff shall be allowed relaxation in Locker rent and charges as per Guidelines issued.

4. Security of the Strong Room/Vault

4.1 Necessary steps shall be taken to ensure that the area in which the locker facility is housed is properly secured to prevent criminal break-ins. The risks of

accessibility of an allotted locker from any side without involvement of the locker-hirer concerned may be assessed and kept on record. There shall have a single defined point of entry and exit to the locker room/vault. The place where the lockers are housed must be secured enough to protect against hazard of rain / flood water entering and damaging the lockers in contingent situations. The fire hazard risks of the area should also be assessed and minimized. Regular necessary engineering / safety verification shall conduct to identify the risks and carry out necessary rectification.

4.2 The area housing the lockers should remain adequately guarded at all times. Access Control System may be installed, if required as per risk assessment, which would restrict any unauthorized entry and create digital record of access to locker room with time log. The entry and exit of the strong room and the common areas of operation may be covered under CCTV camera. The CCTV recording shall be preserved for a period of 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 CCTV recording shall be preserved till the police investigation is completed and the dispute is settled.

4.3 The internal auditors shall verify and report the compliance to ensure that the procedures are strictly adhered to.

5. Locker Standards

5.1 There are various types of locker cabinets having different size of lockers available in the market. In our bank, we have 13 different sizes of lockers. Therefore, all these lockers are being categorized in five categories as per different sizes, which are as under:

S.No	Size (Height x Width x Depth) in mm	Total Volume (in Cu inch) 1 inch = 25.40 mm	Category of locker
1	• 125 x175x492	• 656.77	Small
	• 159 x210x492	• 1002.49	
2	• 125x352x492	• 1321.04	Medium
	• 189x263x492	• 1492.39	
	• 159x423x492	• 2019.30	

	<ul style="list-style-type: none"> • 321x210x492 	<ul style="list-style-type: none"> • 2023.90 	
3	<ul style="list-style-type: none"> • 278x352x492 • 189x529x492 • 321x423x492 	<ul style="list-style-type: none"> • 2938.00 • 3001.80 • 4076.71 	Large
4	<ul style="list-style-type: none"> • 152.40x406.40x520.70 • 266.70x330.20x520.70 	<ul style="list-style-type: none"> • 1967.99 • 2798.24 	Very Large
5	<ul style="list-style-type: none"> • 385x529x492 • 404x529x492 	<ul style="list-style-type: none"> • 6114.77 • 6416.54 	Extra Large

5.2 All the new mechanical lockers to be installed shall conform to basic standards / benchmarks for safety and security as prescribed by Bureau of Indian Standards (BIS) or any other enhanced industry standards applicable in this regard.

5.3 In case the lockers are being operated through an electronic system, reasonable steps be taken to ensure that the system is protected against hacking or any breach of security. The customers' personal data, including their biometric data, shall not be shared with third parties without their consent. Further, bank shall ensure that the electronically operated lockers are compliant with the Cyber Security Framework of the Bank. The system should be capable of maintaining unalterable log of locker activities. The relevant statutory/ regulatory guidelines/requirements applicable for IT / data protection shall be complied.

5.4 Engraving the Bank name and Branch Code on the locker keys is mandatory as per Instructions with a view to facilitating identification of lockers / locker ownership by Law Enforcement agencies in case of need. Further, the custodian of the locker shall, regularly/periodically, check the keys maintained in the branch to ensure that they are in proper condition. Bank shall permit the locker-hirer to operate the locker only with the key provided by the bank, although there is no restriction in allowing the customer to use an additional padlock of her /his own if there are such provisions in lockers

5.5 It should be ensured that no locker cabinet is acquired without engraving of Bank Name and Branch Code on the locker keys.

5.6 In existing locker accounts locker keys should be engraved with Bank Name and Branch Code whenever the locker-holder visits the branch to operate the locker

6. Regular Operations by Customers

6.1 The locker hirer and/or the persons duly authorized by him/ her only shall be permitted to operate the locker after proper verification of their identity and recording of the authorization by the officials concerned of the bank. A record of all individuals, including the locker-hirers, who have accessed the lockers and the date and time (both check-in and check-out time) shall be maintained on which they have opened and closed the locker and their signature be obtained. The ingress and egress register for access to Vault Room by any other individual including the bank staff shall be maintained to record the movement of individuals in the Vault Room area with their signatures at appropriate place in the records.

6.2 The bank's officer authorizing the locker-hirer to access the locker, after unlocking the first key / password shall not remain present when the locker is opened by the locker-hirer. The bank shall ensure that there is adequate privacy to the locker-hirers in the operations when customers access the lockers at the same time.

6.3 An email and SMS alert to the registered email ID and mobile number of the customer shall be sent before the end of the day as a positive confirmation intimating the date and time of the locker operation and the redressal mechanism available in case of unauthorized locker access.

7. Internal Controls by bank

7.1 There shall be inter change of locks whenever the locker is surrendered by the hirer. The keys of vacant lockers shall be kept in sealed envelopes. The duplicate master keys shall be deposited with another branch of the bank. A proper record of joint custody of master keys shall be maintained. Circles shall conduct surprise periodic verification of surrendered/vacant lockers and their keys by another officer of the branch/office who is not connected with their custody and proper record shall be maintained as a proof of such verification.

7.2 The Locker Register and the Locker Key Register are maintained in Locker module in CBS. The Locker Register shall be updated in case of any change in

the allotment with complete audit trails.

7.3 The bank custodian shall check whether the lockers are properly closed post locker operation. If the same is not done, the lockers must be immediately closed, and the locker-hirer shall be promptly intimated through e-mail, if registered or through SMS, if mobile number is registered or through letter so that they may verify any resulting discrepancy in the contents of the locker. The 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 that lockers are properly closed, and that no person is inadvertently trapped in the locker room after banking hours.

8. Nomination Facility

8.1 The nomination facility in case of safe deposit lockers and safe custody of articles, in accordance with the provisions of section 45-ZC to 45-ZF of the Banking Regulation Act, 1949 and Banking Companies (Nomination) Rules, 1985 is available. In case the nominee is a minor, the locker holder shall appoint another person (who is not a minor) lawfully entitled to act on behalf of the minor. A passport size photo of the nominee attested by the customer may be obtained from the customers, at his/her option and preserved in the records.

8.2 Thumb-impression(s) shall be required to be attested by two witnesses. Signatures of the account holders need not be attested by witnesses.

8.3 Acknowledgement of receipt of duly completed form of nomination, cancellation and / or variation of the nomination shall be given. Such acknowledgement shall be given to all the customers irrespective of whether the same is demanded by the customers or not.

9 Settlement of Claims in case of death of a Customer

9.1 Time limit for settlement of claims: The claims in respect of deceased locker hirers shall be settled and contents of the locker shall be released to survivor(s) / nominee(s), as the case may be, within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) with reference to nomination, to the bank's satisfaction. In case of lockers without survivorship mandate / nomination the claims shall be settled in accordance with Bank's

guidelines, within one month from the date on which requisite documents are submitted.

9.2 A report to the Customer Service Committee of the Board, shall be placed at annual intervals, on an ongoing 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 therefor. Customer Service Committee of the Board of the bank 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.

10 Access to the articles in the safe deposit lockers / return of safe custody articles

10.1 If the sole locker hirer nominates an individual to receive the contents in the locker, in case of his death, after verification of the death certificate and satisfying the identity and genuineness of such individual approached, the bank shall give access of the locker to such nominee with liberty to remove the contents of the locker, after an inventory was taken in the prescribed format. In case the locker was hired jointly with the instructions to operate it under joint signatures, and the locker hirer(s) nominates any other individual(s), in the event of death of any of the locker hirers, the bank shall give access of the locker and the liberty to remove the contents jointly to the survivor(s) and the nominee(s) after an inventory was taken as above. In case the locker was hired jointly with survivorship clause and the hirers instructed that the access of the locker should be given to "either or survivor", "anyone or survivor" or "former or survivor" or according to any other survivorship clause permissible under the provisions of the Banking Regulation Act, 1949, the mandate in the event of death of one or more of the joint locker-hirers shall be followed.

10.2 However, following be ensured before giving access to the contents to nominee/ survivor:

- exercise due care and caution in establishing the identity of the survivor(s) / nominee(s) and the fact of death of the locker hirer by obtaining appropriate documentary evidence;
- diligent effort be made 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
- it be made clear to the 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.

10.3 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, an inventory of the articles shall be prepared 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.

10.4 A separate statement shall be obtained 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.

10.5 While giving access to the survivor(s) / nominee(s) of the deceased locker hirer / depositor of the safe custody articles, branches may 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.

Similar procedure shall be followed for the articles under safe custody of the bank.

Closure and Discharge of locker items

This part refers to the breaking open of the locker in a manner other than through the normal access by the customer using her/his original key or password under any one of the following circumstances:

- (i) if the hirer loses the key and requests for breaking open the locker at her /his cost;
or
- (ii) if the Government enforcement agencies have approached the bank with

orders from the Court or appropriate competent authority to seize lockers and requested for access to the lockers; or

(iii) if the bank is of the view that there is a need to take back the locker as the locker hirer is not co-operating or not complying with the terms and conditions of the agreement.

11 Discharge of locker contents at the request of customer

11.1 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 may also be obtained from the customer that the key lost, if found in future, will be handed over to the bank. The charges for break open of locker/replacing the lost key plus Rs.1000/ (exclusive of GST) be recovered from the hirer. The charges applicable for replacement of lost keys / issue of new password shall be communicated to the locker hirer.

11.2 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.

11.3 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.

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

12.1 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 bank shall co-operate in execution and implementation of the orders.

12.2 The branch shall 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. The customer (locker-hirer) shall be informed by letter as well as by email/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 to the address available in the bank's records or handed over to the customer against acknowledgement.

12.3 A video of the break-open process and the inventory assessment shall be prepared, wherever legally permissible, and the same shall be preserved to produce as evidence in case of any dispute or Court or fraud case in future.

13. Discharge of locker contents by bank due to non-payment of locker rent

13.1 The break open any locker as per due procedure if the rent has not been paid by the customer for three years in a row shall be done. The bank shall 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. A clause is incorporated in the locker agreement to this effect.

13.2 Before breaking open the locker, the due notice shall be given to the locker-hirer through a letter and through email and SMS alert to the registered email id and mobile phone number. If the letter is returned undelivered or the locker-hirer is not traceable, the bank shall issue public notice in two newspaper dailies (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. In case of electronically operated lockers (including Smart Vaults), the use of 'Vault Administrator' password for opening of locker shall be assigned to a senior official and complete audit trail of access shall be preserved. Further, a video recording of the break open process together with inventory assessment shall be done and its safe keep and preserve the same so as to provide evidence in case of any dispute or Court case in future. Branch(es) shall also ensure that the details of breaking open of locker is entered in CBS apart from locker register. After breaking open of locker, the contents shall be kept in sealed envelope with detailed inventory inside fire proof safe in a tamper-proof way until customer claims it. A record of access to the fireproof safe shall invariably be maintained. While returning the contents of the locker, the bank shall obtain acknowledgement of the customer on the inventory list to avoid any dispute in future.

13.3 The sealed/closed packets left with them for safe custody or found in locker shall not be opened while releasing them to the nominee(s) and surviving locker hirers / depositor of safe custody article, unless required by law.

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

14.1 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 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 due procedure as prescribed shall be followed.

14.2 A clause has also be incorporated in the locker agreement to discharge the bank from liability in case the locker is not in operation and the locker is opened by the bank and contents are released as per law and as per the instructions issued by the Reserve Bank and the terms and conditions prescribed in the agreement.

Compensation Policy / Liability for Bank

15. Liability of bank

The bank shall take due care includes ensuring proper functioning of the locker system, guarding against unauthorized access to the lockers and providing appropriate safeguards against theft and robbery.

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

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. Bank shall, however, exercise appropriate care to their locker systems to protect their premises from such catastrophes.

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

the bank.

It is the responsibility of bank to take all steps for the safety and security of the premises in which the safe deposit vaults are housed. It has the responsibility 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. As bank cannot claim that they bear no liability towards their customers for loss of contents of the locker, in instances where loss of contents of locker are due to incidents mentioned above or attributable to fraud committed by its employee(s), the bank's liability shall be for **an amount equivalent to one hundred times the prevailing annual rent of the safe deposit locker.**

Bank's liability in incidents mentioned above due to shortcomings, negligence or any act of omission/commission on part of Bank shall be one hundred times of actual annual rent paid i.e. post concessional rent except in cases where Bank allows discount to Locker to Locker holder for advance rent payment subject to terms & conditions and other similar cases, if any.

Risk Management, Transparency and Customer Guidance

16. Branch Insurance Policy

Bank has a branch insurance policy to minimize the loss due to incidents like robbery, fire, natural calamities, loss during shifting/merger of branch, etc., affecting contents of lockers.

17. Insurance of locker contents by the customer

It is clarified in locker agreement that as Bank/branch(es) 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. Bank shall under no circumstances offer, directly or indirectly, any insurance product to its locker hirers for insurance of locker contents.

18. Customer guidance and publicity

18.1 Standard Operating Procedures (SOPs) on various aspects shall be displayed on our Corporate website for public viewing. The branches shall ensure that the customers are made aware of the terms and conditions to avail those facilities.

18.2 The updated information on all kinds of charges for safe deposit lockers and

safe custody articles will also be displayed on corporate websites.

18.3. The instructions together with the policies / procedures shall be displayed with regard to 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. Also a printed copy of the same shall also be given to the nominee(s) / survivor(s) / legal heir(s) through branches.