



 **Closure and Discharge of Locker Items**


 **Situations Where Lockers Can Be Broken Open:**

	Reason	Action by Bank
#1	Lost Key	Locker opened in customer's presence & after identity verification.
#2	Government Agency Order	Access granted upon valid Court order.
#3	Non-Compliance by Hirer	Bank reclaims locker <u>after due notice</u> .
#4	Non-Payment of Rent (3 Years Consecutive)	Public notice issued; locker broken open post-deadline.
#5	Inoperative Locker (7 Years)	Contents transferred to nominee/legal heirs.

 **Security Measures for Locker Closure: Break open**

-  Video recording of break-open process.
-  Inventory documented & witnessed by bank officers + independent parties.

• Sealed packet stored in fireproof safes until claimed.

 **Real-life Example:** A locker-hirer does not pay rent for 3 years, and after public notice, the bank breaks open the locker and stores the contents securely.



Locker Operation Rules (Effective January 1, 2022)

✓ New Locker Guidelines:

Rule	Implementation
Alert Notifications	SMS/Email alerts on locker access.
Compensation Policy	Bank liable <u>100 times annual rent</u> in case of theft, robbery, fire, or fraud.
Locker Standards	New lockers must comply with <u>BIS & RBI Cyber Security norms</u> .
Additional Security	Customers can use <u>extra padlocks</u> if permitted.

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✓ **Scenario:** A locker customer receives SMS alerts every time the locker is accessed.

LEARNING



Liability of Banks

✓ Bank Responsibilities:



Aspect	Bank's Duty
#1 Locker Safety & Security	Prevent unauthorized access, theft, and damage.
#2 Maintenance & Surveillance	Regular monitoring of locker operations.
#3 Loss Compensation <i>100 times of annual rent</i>	Bank liable for theft, robbery, fraud, fire-related losses.
⇒ Acts of God (Natural Calamities)	Not liable, but must have disaster safeguards in place.

✓ Real-life Example A fire in a bank destroys lockers. The bank compensates locker holders as per RBI rules.

📄 Summary Table

Aspect	Details
🔧 Nomination Facility	Single nominee for individual lockers, multiple for joint hirers. <u>max-2</u>
👛 Claim Settlement	<u>15-day processing time, death certificate required.</u>
🔒 Closure & Discharge	<u>Lockers broken open if key lost, rent unpaid, or Govt. order received.</u>

Email

 New Rules (2022)	SMS alerts, BIS-compliant lockers, 100x rent compensation for loss.
 Bank Liability	Responsible for <u>unauthorized access, theft, fire, and fraud cases.</u>



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 **CUSTODIAL SERVICES**

Safe custody of Assets

✓ **Definition:** A custodian bank is a financial institution that safeguards customers' securities such as stocks, bonds, and assets in electronic or physical form.

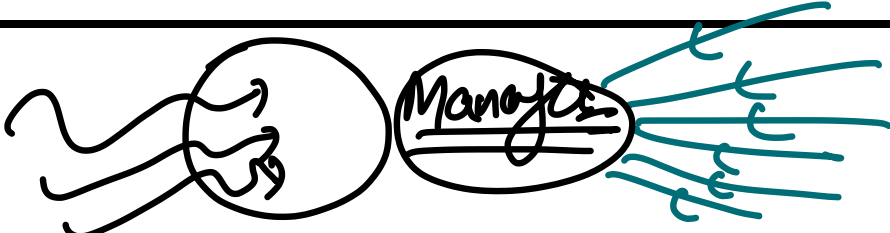
✓ **Services Provided:**

 Service	 Description
#1 Settlement Services	Ensures smooth transfer of securities post-trade.
#2 Safekeeping	Prevents securities from being lost or stolen.
#3 Reporting	Provides updates on asset performance.

✓ **Customers Served:**

- Mutual Funds & Investment Managers
- Retirement Plans & Fiduciary Accounts
- Insurance Companies & Corporations
- Endowments, Foundations & Private Clients

✓ **Example:** A mutual fund parks its investors' shares with a custodian bank to ensure secure handling and record-keeping.



PORTFOLIO MANAGEMENT SERVICES (PMS)

✓ **Definition:** A portfolio is a mix of **debt & equity** investments to balance risk, return, and liquidity.

✓ **Basic Principles of Portfolio Management:**

HNW

Active

Passive



Principle	Explanation
#1 Risk & Portfolio Perspective	Individual securities impact overall portfolio risk.
#2 Risk-Return Tradeoff	Higher returns come with higher risk .
#3 Diversification	Spread investments to reduce risk .
#4 Tailored Approach	Each portfolio must match investor needs.

✓ **RBI Guidelines for PMS:**

#1 No guaranteed returns; services are at customers' risk.

#2 Funds should be invested for at least 1 year.

#3 No investments in call money, bill markets, or corporate loans.

#4 Transactions should be made at market rates.

✓ **Example:** A high-net-worth investor hires a PMS expert to invest in a mix of stocks & bonds for long-term growth.

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MERCHANT BANKING

✓ **Definition:** Merchant banks assist corporates in fundraising, underwriting securities, and financial advisory.

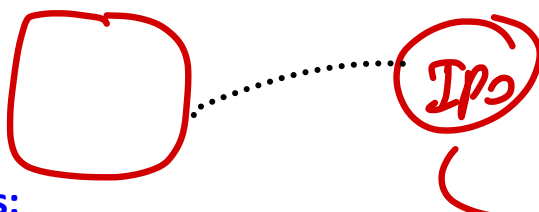
MB

XYZ

IPs

500 cr

90%
450



✓ **Key Services:**

	Service	Description
#1	Syndication of Credit	Arranging large-scale loans for businesses.
#2	New Issue Management	Managing IPOs and bond issuances.
#3	Corporate Advisory	Guiding firms on mergers, takeovers & investments.

✓ **Regulatory Approval:**

- **SEBI Registration required** for handling **debt & equity issues**.
- Banks can handle loan syndication, dividend payouts, & bridge loans without additional licensing.

✓ **Example:** A startup planning an **IPO** hires a **merchant bank** to **manage and underwrite** its stock offering.

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 **GOVERNMENT BUSINESS**

Services Provided	Description
Tax Collection	Income Tax, GST, Excise, Customs Duties.
Public Provident Fund (PPF) Handling	Opening and maintenance of <u>PPF accounts</u> .
Pension Payments	Disbursing Central & State Government Pensions .
Treasury Operations	Managing Government receipts & payments .

✓ **Approval Requirements:**

- ✓ **CGA (Central Government)**

✓ Finance Department (State Government)

✓ RBI (Department of Government and Bank Accounts - DGBA)

✓ Example: Banks collect **Income Tax & GST** on behalf of the government.

LEVYING OF SERVICE CHARGES

Transparency
Reasonable

✓ **Key Principles for Service Charges:**

- Charges should be **reasonable & justified**.
- No penalty on **low-volume customers**.
- Approval required from **Bank Board of Directors**.

✓ **Ensuring Reasonableness of Charges:**

Norm	Requirement
Basic Banking Services	Must be <u>affordable & accessible</u> .
Special Concessions	Available for pensioners & rural customers .
Disclosure Policy	Banks must notify customers 30 days in advance before changes.

#1
#2

✓ Example: A senior citizen receives **lower banking fees** for essential services.

RTGS/NEFT CHARGES FOR CUSTOMERS

✓ **RBI-Prescribed Fee Structure (As of May 31, 2022):**

24x7 X 365

Transaction Value	Maximum Charges
RTGS Transactions	
₹2 lakh - ₹5 lakh	₹24.50 + GST
Above ₹5 lakh	₹49.50 + GST
NEFT Transactions	
Up to ₹10,000	₹2.50 + GST
₹10,001 - ₹1 lakh	₹5.00 + GST
₹1 lakh - ₹2 lakh	₹15.00 + GST
Above ₹2 lakh	₹25.00 + GST

✔ No Charges for Inward RTGS/NEFT Transactions

✔ **Example:** A business transferring ₹3 lakh through **RTGS** is charged ₹24.50 + GST.

📄 **Summary Table**

Aspect	Key Points
#1 Custodial Services	Secure safekeeping of customer assets.
#2 Portfolio Management	Strategic investments for risk-return balance.
#3 Merchant Banking	Handling IPOs, credit syndication, advisory.
#4 Government Business	Tax collection, PPF, pension payments.
#5 Service Charges	Transparent fee structure for banking services.
#6 RTGS/NEFT Fees	RBI-regulated transaction charges.