



Baroda Rajasthan Kshetriya Gramin Bank

Head Office, Ajmer

COMPLIANCE POLICY - 2024

1. Preamble:

A system of 'Compliance Officer' in banks was introduced in August 1992, based on the recommendations of the Committee on Frauds and Malpractices in Banks (Ghosh Committee). Further guidelines in this regard, and more specifically on the role of the Compliance Officers were issued in March 1995. In 1997, a review of the system of Compliance officers was undertaken wherein, in super cession of earlier guidelines, banks were advised that the General Manager in charge of Audit and Inspection should be designated as the 'Compliance Officer' reporting directly to the Chairman and submit a quarterly certificate on compliance (subsequently withdrawn in 2000) with RBI/ GOI instructions.

However, it was observed by Reserve Bank of India that compliance function in banks has not received the required attention by banks, as a number of instances of non-compliance and lack of proper interpretation of regulatory guidelines are being reported in successive RBI inspection reports. Further, in the absence of a comprehensive compliance structure, policy and manual for addressing compliance risk in most of the banks, compliance processes remain weak and the role of the Compliance Officer has not been an effective instrument for which it was created. In number of banks, compliance function is yet to be fully cognizant of the "compliance risk" and the reputational risk arising out of compliance failures causing huge economic costs.

Consequently, there is a critical need for the management of that risk as one of the key facts of integrated risk management or enterprise wide risk management framework.



Therefore, Reserve Bank of India vide its circular No: DBS.PP.BC1/11/01.005/2006-07 dated November 16, 2006 advised all Scheduled Commercial Banks detailed/comprehensive draft guidelines on compliance functions in Banks and called for their responses.

Based on the responses / comments on the draft guidelines received from banks, Self-Regulatory Organizations and others, the draft guidelines have been suitably modified vide its letter DBS. CO.PP.BC 6/11.01.005/2006-07 dated April 20, 2007, Reserve Bank India directed that the guidelines may be implemented in full within a time frame of six months. Its implementation would be subjected to comprehensive review by the Reserve Bank of India during the Annual Financial Inspection of Banks.

2. Purpose:

The objective of the Compliance policy is to ensure strict observance of the various statutory, legislative, regulatory provisions including Reserve Bank of India, other regulators and bank's own norms, practices and guidelines for internal control. It includes reporting deficiencies in compliance observed in various areas from time to time to the Top Management for necessary corrective action by examining the issues on which breaches/failures have been observed, finding out the underlying causes and properly addressing the issues. The breaches/failures in compliance are to be properly disclosed in the Annual Report. Materiality and substance will be the guiding principles in deciding which items are to be disclosed in the Annual report.

The Compliance Function has to ensure strict observance of all statutory provisions contained in various legislations such as Banking Regulation Act, Reserve Bank of India Act, Foreign Exchange Management Act, Prevention of Money Laundering Act etc. as well as to ensure observance of other regulatory guidelines issued from time to time; standards and codes prescribed by Banking Codes & Standards Board



of India, IBA, FEDAI, FIMMDA, KYC Norms/ Guidelines and also each bank's internal policies and fair practices code. Compliance laws, rules and standards generally cover matters such as observing proper standards of market conduct, managing conflicts of interest, treating customers fairly, and ensuring the suitability of customer advice. They typically include specific areas such as the prevention of money laundering and terrorist financing, and may extend to tax laws that are relevant to the structuring of banking products or customer advice.

Compliance laws, rules and standards have various sources, including primary legislation, rules and standards issued by legislators and supervisors, market conventions, codes of practice promoted by industry associations, and internal codes of conduct applicable to the staff members of the bank. For the reasons mentioned above, these are likely to go beyond what is legally binding and embrace broader standards of integrity and ethical conduct.

3. Compliance Officer:

It shall be the responsibility of Bank's Compliance Officer in the Bank to assist Top Management in managing effectively the compliance risk faced by the Bank.

4. Compliance Risk:

The BCBS paper on Compliance and the Compliance Function in Banks (April 2005) defines Compliance risk as "the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities" (together, "compliance laws, rules and standards").



5. Group/enterprise-wide Compliance programme:

The compliance area is critically important in identifying, evaluating, and addressing legal and reputational risks. Given the significance of these risks, a strong Group/enterprise-wide compliance programme is a necessity for banks. A group/enterprise-wide compliance programme helps the bank to look at and across business lines and activities of the organization as a whole and to consider how activities in one area of the firm may affect the legal and reputational risks of other business lines and the entire group/ enterprise.

A group/enterprise-wide compliance programme could help management and the Board in understanding where the legal and reputational risks in the organization are concentrated, provides comparisons of the level and changing nature of risks, and identifies those control processes that most need enhancement. The compliance function must therefore ensure that controls and procedures capture the appropriate information to allow senior management and the board to better perform their risk management functions on a group-wide basis.

The Risk Management Department and compliance Department in association with the respective General Managers will formulate Compliance programme and shall place to ORMC (Operation Risk Management Committee)/ Chairman for approval.

It may however be noted that responsibility & Compliance of various rules and regulations of GOI/RBI ,all overseas regulations and Internal guidelines will remain with respective Functional Heads.

Responsibility of the Board of Directors

The Board would be responsible for ensuring that an appropriate compliance policy is in place in the bank to manage compliance risk and also overseeing its implementation. It has to ensure that compliance issues are resolved effectively and expeditiously by senior management with the assistance of compliance staff.



The Board and ACB will review compliance function on a quarterly basis. A detailed annual review should also be placed before the Board and ACB. In order to ensure there is no potential for any conflict of interest and that the activities of the compliance function are subject to independent review, the compliance function and the audit function of the bank should necessarily be kept separate.

6. Compliance Policy:

A. Implementation of Policy

The compliance is a control mechanism to ensure that the guidelines and rules are complied with and the deficiencies are rectified with a view to reduce the Compliance risk, which may lead to ultimate loss to the Bank.

The compliance policy will be put into implementation after its approval by the Board and setting of compliance structure as envisaged at various levels like head office, Regional Offices and at Branches .

B. Compliance structure at corporate level/ Head Office

The Compliance Department of the Bank will be headed by the Chief Compliance Officer, who will be liaising with Regional Offices / Functional Heads of the various departments at Head Office & will apprise the status of compliance to the Chairman on monthly basis and he will put up a note to the Board and Audit Committee of Board on quarterly basis and also detailed annual report.

Each Functional Head at Head Office would nominate one officer having reasonable knowledge in compliance matters and he in turn will report to the Chief Compliance Officer. Since the Corporate Level Compliance Officer at Head Office has to do compilation and aggregation of various compliance related data from Regions / Branches, the Compliance Officer attached to the Functional Heads at Head Office should have sufficient time to perform his job role and do justice to the requirements as envisioned in the guidelines issued by Reserve Bank of India on



16th November 2006 on Compliance Function in Banks & modified vide its circular dated 20th April,2007.

The Chief Compliance Officer will be conducting testing of deficiencies of these guidelines periodically.

C. Location:

Compliance Department will be located at Head Office Ajmer so that it is convenient for effective liaison with the various regulators, particularly RBI/NABARD and also functional heads, in various business lines.

D Designation:

As per RBI guidelines, the compliance department will have an executive in the rank not less than DGM designated as Chief Compliance Officer(CCO) or Head of Compliance with the overall responsibility for coordinating the identification and management of the bank's compliance risks and supervising the activities of other staff compliance function. He shall report to Board & ACB. The CCO shall not be attached with any direct business line responsibilities.

Keeping in view dimension of the work and in order to tone up and ensure effective compliance function, the Bank may consider to upgrade the post of the Chief Compliance Officer in future to make the functioning more effective as per the requirements of RBI. Presently Department Head of operation department will look after/ monitoring the compliances at branches/Regions/Head Office and Chief Manager Operation will be the Chief compliance Officer, the Chief compliance Officer will report to General Manager Operation. GM operation will report to ACB/Chairman/Board.

E. Tenure:

The CCO shall be appointed by the Chairman and Managing Director of the bank as per the RBI guidelines and the same shall be informed to the Board, ACB and also



to RBI. In case of transfer / change in the CCO affected by the Bank, the same shall be informed to the Board and ACB with reasons for the change in the incumbent. RBI shall be kept informed of the name of CCO as also any change thereof as and when its take place.

F. The Job role of Chief Compliance Officer:-

The Chief Compliance Officer shall be responsible for:

A) Submission of Note to the Board on fortnightly basis on RBI circulars with brief contents.

B) Obtaining monthly Compliance Certificates from all ROs, Functional Heads and Head Office for Compliance of policy instructions from the Board of Directors.

Compliance of instructions/guidelines from Regulators received through Head Office. Carrying out various transactions/jobs in accordance with laid down systems and procedures.

C) Submission of note to the Audit Committee and Board every quarter on Compliance matter Action taken by concerned department on RBI Circulars - Confirmation of Compliance during the quarter.

D) Drawing up a comprehensive Compliance Policy / Program of the Bank and implement the same with permission of the Board through ORMC/Chairman

E) Formulate compliance function for the Bank.

F) All the matters, policies, procedures, programs etc., relating to Compliance Risk Management.

2. The CCO shall facilitate and follow the Compliance of Annual Financial Inspection of the Bank by RBI, & inspection u/s 35 of banking Regulation Act, 1949 of Branches / Regions / HO.



3. The CCO shall ensure that all Regulatory / Statutory guidelines issued by various Regulatory bodies are disseminated across the business lines / operating units and a proper system is put in place for ensuring its strict adherence by all the concerned.
4. The CCO shall report to the Senior Management of the Bank and directly to the Board or Audit Committee of Board (ACB) or Committee of Board wherever required.
5. The CCO shall give directions to the Compliance Department personnel in drawing the annual compliance program including review of the level of compliance by the Bank on all the business lines and statutory regulations required to be complied with.
6. The CCO shall use the Internal Audit, Concurrent audit report and RBI-AFI reports as a feed back mechanism for strengthening the compliance system in the Bank.
7. The CCO shall approve function-wise compliance manuals to be issued by the concerned departments.
8. The CCO shall be a permanent invitee to the meetings of the Audit Committee of the Board.
9. The CCO shall be the nodal point of contacts between the bank and the regulator.
10. The CCO shall necessarily be a participant in the Quarterly Informal Discussion held with RBI.
11. The CCO shall also participate in Quarterly Business discussions in the Bank.
12. The Chief Compliance Officer should be a member of ORMC and New Products Committee to ensure that all the new products have clearance from all perspectives including Compliance.



13. The Chief Compliance Officer should be a member of Systems & Procedures Committee to ensure that all the New Processes have clearance from all perspectives including compliance.

The functional heads as per administrative structure and organization existing in the Bank who are responsible for compliance of various rules & regulations of the Govt. of India, Reserve Bank of India and other regulators pertaining to their respective areas of operations will continue and they only will be responsible for any breaches and failure in compliance in their functional areas.

a) Compliance Department:

Functions:-

1. For the purpose of meeting the compliance function, a separate independent Compliance Department at Head Office is set up. The Compliance Department shall be headed by a Chief Manager / Sr. Manager and supported by adequate staff. The Compliance Department will be overseen by Chief Compliance Officer.
2. The Compliance Department shall be independent and sufficiently resourced. The Compliance Department shall not be attached with any business targets / business commitments of the Bank. Although as a structure, Compliance Department is independent of other business functions, they are to work closely with management and staff in the various business units. It shall be a co-ordinated working relationship between compliance function and business units. This is required in order to identify and manage compliance risks at an early stage.
3. The staff of Compliance Department shall preferably have a fair knowledge of law, accountancy and information technology and also adequate practical experience in various business lines and Audit / Inspection functions to enable them to carry out their duties effectively. In order to keep the compliance staff up-to-date with developments in the areas of banking laws, rules and standards, regular and systematic education and training shall be imparted as deemed necessary.



4. Put in place a robust compliance system in the Bank which includes well documented Compliance policy, outlining the compliance philosophy of the bank, defining roles and responsibilities for various functionaries to ensure adherence to compliance risk policy, inter alia various regulatory / statutory guidelines issued by regulators as also internal policies and guidelines of the Bank.
5. Compliance functionary staff shall have access to the information that is necessary to carry out their responsibilities for pointing out / looking into possible breaches of Compliance Policy.
6. Conduct detailed Annual Review of Compliance Policy for placing the same before ORMC, ACB and the Board through CCO.
7. Report promptly to the Audit Committee of the Board on any material compliance failure i.e., failure that may attract a significant risk of legal or regulatory sanctions, material financial loss or loss to reputation. An annual report on compliance failure / breaches should also be placed to ACB.
8. Evolve a suitable monitoring mechanism for the compliance testing procedure.
9. Evolve a system whereby the Audit function should keep the CCO informed of the audit findings related to compliance.
10. Compliance Officers of various Functional Departments etc., shall prepare a list of regulatory guidelines applicable to each of them and after its approval by CCO the same shall be made as part of Compliance Manual.
11. Compliance department shall maintain close co-ordination with other functional wings and operating units.
12. Random testing of branches: Put in place a mechanism for random testing of the branches and other business units by the Executives assigned with compliance function and also by the Compliance Department at Head Office to verify the level of compliance both of regulatory and internal guidelines. For conducting branch



testing, a proper mix of branches like rural, semi-urban, urban and metro may be identified.

13. Advice HRM Department, Head Office to issue communications to all Functional Heads / Regional Heads for according due weightage to the staff during performance appraisal for strict adherence to the compliance culture.

14. The Compliance Department shall capture all the Penalties imposed / penal action taken against bank under various laws and statues. For this purpose the Compliance Department shall put in place a suitable reporting mechanism and obtain the required information from the Functional Departments and Zonal / Regional Offices and will suggest suitable corrective measures.

15. Visiting RBI Website daily on hourly intervals and forwarding circulars to respective Corporate Department for taking necessary action.

16. Follow up for obtaining Action Taken Reports (ATR) on the circulars from the Departments.

b) Compliance units at Functional Departments / HO/RO/Branch level :

1. In case of Functional Departments and Head offices, Chief Manager shall be assigned the responsibility of compliance function of Functional Departments apart from their normal functions.

2. In the case of Regional Offices, Chief Manager / Sr. Manager of RO shall undertake this function.

i) Roles and responsibilities of Executives / officials entrusted with Compliance function in

Functional Departments include :

1. Compliance Officers at functional department shall co-ordinate the compliance function in their departments. They shall oversee implementation of Compliance function by various sections of the department.



2. They shall ensure receipt of all regulatory guidelines through hardcopy/ soft copy and or through the system and take action for implementation thereof.
3. Compliance Officers of departments shall ensure implementation of compliance instructions. They shall ensure dissemination of regulatory guidelines to the concerned sections of the department and ensure its strict adherence.
4. They shall ensure prior vetting / approval of all internal guidelines issued by their respective departments.
5. Compliance Officers shall submit reports, reviews etc., at prescribed time intervals to the Compliance Department for further consolidation and escalating the matter to the senior Management etc.
6. The Compliance Officers at departments shall also ensure that any regulatory / mandatory reporting to RBI or any other statutory body shall be submitted within the prescribed period & a confirmation to this effect shall be submitted to the CCO.
7. Compliance Officers at H.O. department shall ensure that all new products, services and processes evolved by various sections of the respective departments shall conform to the regulatory guidelines and that no breaches are allowed.
8. The Compliance Officers in departments shall report Compliance Breaches, Failures, Penalties levied against the Bank and Penal action taken against the Bank, in their functional areas, to the Chief Compliance Officer at the end of each calendar quarter.
9. The Compliance Officers of the departments shall submit a Monthly Compliance Certificate of respective functional heads verifying the guidelines given in the Department Compliance manual.
10. The Compliance Officers at Head Office Departments shall be the focal point of contact for all the information that is required to be submitted to RBI Annual



Financial Inspection of the Bank. Compliance Officers of the departments are expected to coordinate with the RBI Officials during the AFI and ensure prompt submission of clarifications etc. to the RBI Team. They also shall monitor the submission of replies to Final AFI report.

11. The Compliance Officers at departments shall ensure that all the Policies framed by their respective departments are reviewed annually and placed before ORMC, RMC, ACB for their review. After review by these committees, Compliance Officers shall ensure that the Policies are placed before the Board of Directors for obtaining their approval for the policies. Further the Compliance Officers at functional departments shall ensure that all the Policies for the next financial year are reviewed by the Board by March of previous financial year.

12. In a nutshell, the Compliance Officers at functional departments shall represent the Chief Compliance Office in their respective departments in ensuring adherence to regulatory Guidelines or any other statutory guidelines issued by any other statutory body/ies.

Roles and Responsibilities of Executives / Officials entrusted with Compliance function at Regional Level:

As per the existing structure of the Bank, the Regional Offices are the main tier of the management for administrative control and development. All Inspections/Audits/Concurrent Audits/RBI Inspection reports should be made available to the compliance unit functioning at Regional level for their perusal and compliance testing. The issue of non-compliance should be reported regularly to the H.O. Compliance unit for discussions in HO Audit Committee and their further reporting to the Chief Compliance Officer.

1. In case of Regional Office the Chief Manager / Sr. Manager shall be assigned with the responsibility of compliance function apart from their normal functions. Name of such Executive should be informed to the CCO and to the Compliance



Department. The Chief Manager, so identified shall not be assigned the work related to Inspection & Credit.

2. Compliance Officers at Regional Offices shall be the focal point for receipt and dissemination of all instructions received from Head Office to all the concerned at Regional Office Level and branches.

3. They shall ensure implementation of compliance instructions and oversee the compliance function at Regional Office Level.

4. The Compliance officer of the region shall submit a certificate to the Chief Compliance Officer in this regard at monthly intervals. The format of certificate as provided by the Compliance Department shall be used.

5. The Compliance Officers at Regional Offices shall report Compliance Breaches, Failures, Penalties levied against the bank and Penal action taken against the bank, in their Regions, to the HO Compliance Officer at the end of each calendar quarter.

6. The Compliance Officer at Regional Office has to maintain a record of various statements / returns, compliance of irregularities in Reserve Bank of India inspection report of Section 35 of BR Act, 1949, compliance of concurrent audit report, monitoring the compliance on observations of Concurrent Auditors with the Regional Heads which at present is held on quarterly basis, compliance of various areas pointed out in the formalization letter of the Inspecting Officers of Zonal Inspection Centre's to the branch and irregularities pointed out in the Regular inspection reports .

7. The compliance units functioning at Regional Offices should be manned in such a way that compliance testing is done by the officer attached to Regional compliance Unit / Any other officer of branches carrying out compliance testing at the branch on half yearly basis and the deviations are submitted to the branch, by him with a copy to the Head Office for ensuring compliance.



8. The objective behind the Compliance Testing by Regional level Compliance unit should not only be to find and point out the area of non-compliance but also to give necessary guidance and suggest immediate rectifications measures wherever possible.
9. The Regional Compliance Officer may be occasionally invited to participate in the HO Audit Committee Meetings along to discuss the areas of non-Compliance and to take further remedial actions.
10. The compliance officer at RO level should monitor and test compliance, by performing sufficient and representative compliance testing and the results of such compliance testing should be reported to the Chief Compliance Officer. Suitable percentage of test compliance may be decided by the Chief Compliance Officer. The test checking should also be done in other cases as decided by CCO.
11. The Regional Compliance Officer will also test check of the documents and creation of valid mortgage / creation of charge so as to enable Bank to fall upon these as secured creditors under various provisions of the applicable Law of the Land through Regional Compliance Officer of Branches and shall send a report to HO Compliance Officer.

Compliance officers at Branch Level :

1. Branches may identify an officer (should be Joint Manager/ Sr. Manager / Manager credit) posted in the branch as compliance officer and wherever there is one-man branch, the Branch Manager himself will function as Compliance Officer.
2. For the purpose of reporting of compliance function the reporting would be by the Branch to the Compliance Unit at Regional level, which in turn will compile and submit to Compliance Unit at HO level for onward submission to the Chief Compliance Officer at corporate level.



3. The branch manager can assess the job content for both the functions and he will allot the work of the compliance function accordingly keeping in mind that there is a good balance of the business and compliance. It shall have to be ensured that the compliance function does not suffer because of an imbalance in job allocation, in case the function is allotted to other officer in the branch. While identifying the Compliance Officer, the Branch Manager should allocate the job to an Officer who has adequate knowledge of the compliance laws.

4. For branches having total business of Compliance ` 50 crores and above, there should be one Compliance Officer (Not the branch Head) in the branch looking after the compliance of the various areas interalia other works and reporting to Compliance officer stationed at controlling Regional Head quarter through the branch head.

5. In case of any serious non compliances, the Compliance Officer may report directly to the Compliance Officer at Regional Head quarter or even Chief Compliance Officer of the Bank at Head Office to save the interest of the Bank.

c) Measures to ensure independence of the compliance function:

In line with the direction of Reserve Bank of India, the Compliance Unit at all level will be necessarily separate from Inspection & Audit Division. The Chief Compliance Officer shall be the nodal point of contact between the bank and the regulators. Regardless of how the compliance function is organized within the bank, he/ she should be independent and sufficiently resourced, his/ her responsibilities should be clearly specified and his/ her activities should be subject to periodic and independent review.

d) Relationship of Chief Compliance Officer with other functional departments



The Chief Compliance Officer will keep constant liaison with all other Functional Departments to ascertain the level of compliance and identify problems stated in compliance by the operating units i.e. branches.

e) Compliance Testing:

The compliance testing is the heart and soul of the compliance functioning in the Bank because through these activities only, the Management can know as to whether the guidelines issued by it from time to time are complied with or not.

There are various areas which lead to exposing the Bank to risk for e.g. not following KYC / AML guidelines & not obtaining documents/ improper execution / non-obtention of LAD / Non creation of second charge / mortgage / exposing bank to legal risk and also financial risk which ultimately leads to capital risk. In CBS environment operational and technology risk also assume significance.

The compliance testing at Regional level should be organized in such a way that compliance is tested at branches on half yearly basis. It is expected to provide adequate manpower to Regional Compliance Officer for carrying out compliance testing at half yearly periodicity.

Obviously a higher level of compliance will mean better compliance and observance of all risk mitigates and control resulting in better profitability by saving from possible losses.

f) Accountability

The compliance unit is required to point out the deficiencies to the controlling authority at Regional / HO level. As such the accountability lies with functional and operating level who are actually responsible for performance as per norms/guidelines of the Government of India, various regulators and the banks guidelines.



g) Proactive Compliance Programme

It has been suggested by the Board that Inspecting Officers carrying out inspection of Rural & Semi Urban branches should also work as a guide to inform them the procedures that the concerned branches should follow and also the underlying reasons there for. The list of common deficiencies observed in various inspection reports of various branches should serve as a tool for the Human Resources Management Department for designing and organizing training programmes. The frequent reports of some deficiencies at most of the branches should be taken as indicative of the fact that knowledge deficiencies exist in that particular area. Necessary training should, therefore, immediately be provided to the operating personnel for correction and reduction in recurrence of such deficiencies in future. The Chief Compliance Officer should filter out such areas of deficiencies, which are likely to have wide spread and frequent recurrence and inform them to the Chairman and the functional head of Human Resources Management Departments for necessary corrective measures.

Feedback so received from compliance units at Regional Offices carrying out compliance testing of branches will serve as inputs for proactive future planning. The Chief Compliance Officer would remain in constant touch with the compliance unit at various level without any administrative barrier. He will also remain in touch with the Chief Compliance Officers of other Banks/ Sponsor Bank as also with the concerned department of Reserve Bank of India controlling the compliance function in Banks, I.B.A. etc., so that innovative ideas available at any place and at any time are known and are implemented after necessary sanction Chairman.

7. Qualifications of Compliance Staff:

Apart from the basic qualifications, the Compliance staff should preferably have fair knowledge of law, accountancy and information technology, adequate practical



experience in various business lines and audit/inspection functions to enable them to carry out their duties effectively. In order to keep the compliance staff up-to-date with developments in the areas of banking laws, rules and standards, regular and systematic education and training may be considered for new products and services besides relevant regulatory provisions/ laws, corporate governance, risk management, supervisory practices etc. as per guidelines of RBI.

8. Function-wise / Business line wise compliance manual:

Each department at Head Office level will prepare compliance manual, which will be approved by the Chief Compliance Officer. The compliance manual should be provided to the staff associated with the respective Functional Dept.

9. Compliance Programme:

The responsibilities of the compliance function would be carried out under a compliance programme that will set out its planned activities. The compliance programme should be risk-based and will be subject to oversight by the head of compliance so as to ensure appropriate coverage across Bank's various business lines and for co-ordination among risk management functions.

10. Significance of Compliance:

The compliance lapses/failures are to be included in annual note and the Compliance Department. All the norms and guidelines are risk management exercise aiming to emphasize and achieve control with justice. Bank is trustee of depositor's fund and any loss suffered by the bank is loss to stake holders including depositors. The compliance unit in true spirit functions for the benefit of the stake holders and as such it is the prime responsibility of the Board and the Senior Management to see that adequate and commensurate resources are made available to the compliance system to ensure its effectiveness.



11. Training:-

Training methods:

The Chief Compliance Officer is to remain in touch with the training programme organized by RBI and NIBM or IBA and he should identify the compliance officers at Regional / HO level for necessary training to them on ongoing basis.

Job specific training: The training should be focused on the functioning of the compliance unit. The Compliance officer carrying out compliance testing in turn will advise the branch with a view to impart necessary training required for preventing deficiencies from recurring and suggest the ways to rectify them.

Institution-wide training: The Chief Compliance Officer in consultation with functional head of Human Resources Management and Staff College may organize, as per requirement, institution-wise trainings, refresher training, arrange various methods of follow up of audit findings/developments in the industry and shall arrange for maintenance of relevant follow up records.

12. Effective Communication:

The findings of compliance testing should be effective and precise so that operational units carrying out rectification are able to understand the compliance requirements for ensuring effective compliance. It is required that clarity should be at all levels so that at the apex level, the Board, knows as to what actual deficiencies are persisting at various operational units or functional units and whether it is forming a pattern indicative of systemic problem requiring intervention of the top management.

13. Software:

Compliance function can be effective only if it is having a feed back mechanism on the present position of compliance and compliance guidelines issued on regular basis and the policies and practices followed within the organization and



elsewhere. The Chief Compliance Officer shall find out necessary software support system. Bank should make available the necessary technological support to the Compliance function

14. Review of Policy:

The compliance policy is to be reviewed annually by the Board and will be effective for **three years** from the date of approval by the Board. The Chairman may allow continuation of the Policy for a maximum period of six months after the due date of review in case the Policy cannot be reviewed on or before the due date. Any directive / guidelines issued by RBI in this regard shall automatically be part of this policy, during the prevalence of this policy.