

Regulations of the operations related to the payment instrument and non-authorized or incorrectly implemented operations

1. Liabilities related to the payment instruments

1. The Client is liable:

- a) To use the payment instrument in accordance with the terms and the conditions set for such payment instruments;
- b) To implement the safety measures for the payment instruments issued to the client, to secure protection of the personified means of that instrument;
- c) In case of revelation of the fact of loss, theft, illicit misappropriation or illicit use of the payment instrument, in the shortest term upon its revelation to communicate regarding that to the Bank or the person defined by the Bank.

2. The Bank is liable upon receipt of the notification of the Client as defined with the subparagraph “c” of this article, to secure immediately prevention of the subsequent use of the payment instrument.

3. The Bank is not held responsible for the outcome in case if the Client declines security arrangements proposed by the Bank. In such case, the Client is responsible for the damage incurred as the result of refusal to such security arrangement.

2. Non-implementation of the payment order or improper implementation

1. The Bank is not responsible for non-implementation or improper implementation of the payment order, which is caused with the incorrect information indicated by the Client in the payment order, and that does not exempt the Bank from the liability, in the framework of own capabilities to provide assistance and support to the Client in order to receive improperly transferred amount back.

2. If the provisions of the first paragraph of this article and those of the article 3 are implemented, the provider of the payer is responsible towards the payer for correct implementation of the initiated payment order, except for the cases, when the latter can substantiate to the payer, and if necessary to the provider of the beneficiary, that the requisites of the beneficiary have been indicated correctly, and the provider of the beneficiary has received the payment operation amount in accordance with the following rule – if the payer and the beneficiary have different payment service providers, the payment provider of the payer shall secure transfer of the amount indicated in the payment order to the account of the provider of the beneficiary no later than on the following banking day upon receipt of the payment order. If the provider of the payer substantiates correctness of implementation of the payment order, the provider of the beneficiary is responsible for correctness of implementation of the payment operation towards the beneficiary.

3. If the provider of the payer is responsible for incorrect implementation of the payment operation in accordance with the paragraph 2 of this Article, the latter is liable to return to the payer incorrectly transferred amount and the commission fee related to that operation.

4. If the provider of the beneficiary is responsible for incorrectly implemented payment operation in accordance with the paragraph 2 of this Article, the latter is liable to transfer to the account of the beneficiary or to make for the latter otherwise available the amount of the payment operation.

5. In case of the payment order initiated by the beneficiary or facilitated by the latter, if the provisions of the first paragraph of this article and those of the article 3 are implemented, the provider of the beneficiary is responsible towards the beneficiary for correct transfer of the payment order initiated by the beneficiary to the provider of the payer in accordance with the following rule – the provider of the beneficiary is liable to forward the payment order initiated by the beneficiary or facilitated by the latter to the provider of the payer in the term agreed upon by and between them, and in case of direct debit – in the term foreseen by the Financial Supervision Agency of Georgia). If

the provider of the beneficiary sends the payment order violating the requirement foreseen with this paragraph, the latter is liable to secure correction of the error.

6. The provider of the beneficiary is responsible towards the beneficiary for violation of the following rule while transfer of the amount of the payment order initiated by the latter to the account of the beneficiary – if the payer and the beneficiary have different payment service providers, the payment service provider of the beneficiary is liable on the day of payment of the amount to the account of the beneficiary, and if the amount payment day if non-business day for the provider, no later than on the next business day, to reflect the paid amount at the account of the beneficiary or to make it otherwise available, if nothing else is foreseen with the legal act of the Financial Supervision Agency of Georgia.

7. The provider of the payer is responsible towards the payer for non-implementation or improper implementation of the payment order initiated by the beneficiary, except for the cases foreseen with the paragraphs 5 and 6 of this Article. The payment provider is liable to return to the payer the amount of the incorrectly implemented payment operation and the commission fee related to such operation.

8. If the responsibility of the Bank foreseen with this Article is caused with actions or inaction of other providers, intermediaries or other persons participating in the payment operation implementation process, the Bank is entitled to demand from such person compensation of the amount paid by the Bank as well as the relevant damage incurred (if any).

3. Notification about non-authorized or incorrectly implemented payment operation

1. The Client is entitled to demand from the bank compensation of the amount of non-authorized or incorrectly implemented operation according to the relevant rule, if no more than 40 days have passed since implementation of non-authorized operation, or no more than 180 days have passed since incorrectly implemented operation, and the Client communicated to the Bank about non-authorized or incorrectly implemented operation in the shortest term upon receipt of the information about such operation, and in case of direct debit – in the term set according to the rule of the Financial Supervision Agency.

2. If the client declares that the payment operation is non-authorized or incorrectly implemented, the Bank bears the burden of proof that the payment operation was authentic and/or implemented correctly, and that technical flaw or other defect did not affect the operation.

4. Liabilities of Customer and Provider regarding non-authorized payment operation

1. The Bank is liable to compensate to the payer the amount of the non-authorized payment operation, if the provisions of the article 3 are implemented, except for the case defined by the paragraph 3 of this article. The amount payable to the customer shall be defined in accordance with the articles 2 and 4 of this article.

2. The payer is responsible for the damage incurred as the result of non-authorized operation implemented at the territory of Georgia, caused due to stolen or lost payment instrument or its illicit misappropriation in amount not exceeding 100 GEL, except for the case defined with the paragraph 3 of this article. For the purposes of this paragraph, the operation implemented via internet shall be considered as implemented on the territory of Georgia if implemented with the payment instrument issued in Georgia and the webpage belongs to the citizen of Georgia, the legal entity registered in Georgia or other organizational formation foreseen with the legislation of Georgia, though not being legal entity.

3. The Client is responsible for the damage/loss related to non-authorized payment operation, which is caused by the criminal activities of the latter, as well as due to deliberate or negligent non-implementation of the liabilities defined with the first paragraph of this Law.

4. The Client is not held responsible for stolen, lost, illicitly misappropriated or illicitly used payment instrument, and also for the damage incurred as the result of non-authorized operation caused due to the personified security means not being protected, if the latter implemented the operation in accordance with the subparagraph “c” of the first paragraph of the first article upon receipt of the notification of the Bank, or if that damage is caused due to criminal or deliberate actions of the Client.

5. If the Bank does not secure receipt of the notification defined with the subparagraph “c” of the first article, the Client is not held responsible for stolen, lost, illicitly misappropriated or illicitly used payment instrument as well as the damage incurred as the result of non-implementation of security arrangements of the payment instrument or the personified security means not being protected, if such damage is not caused due to criminal or deliberate actions of the payer.