

**यूको बैंक**  
(भारत सरकार का उपक्रम)



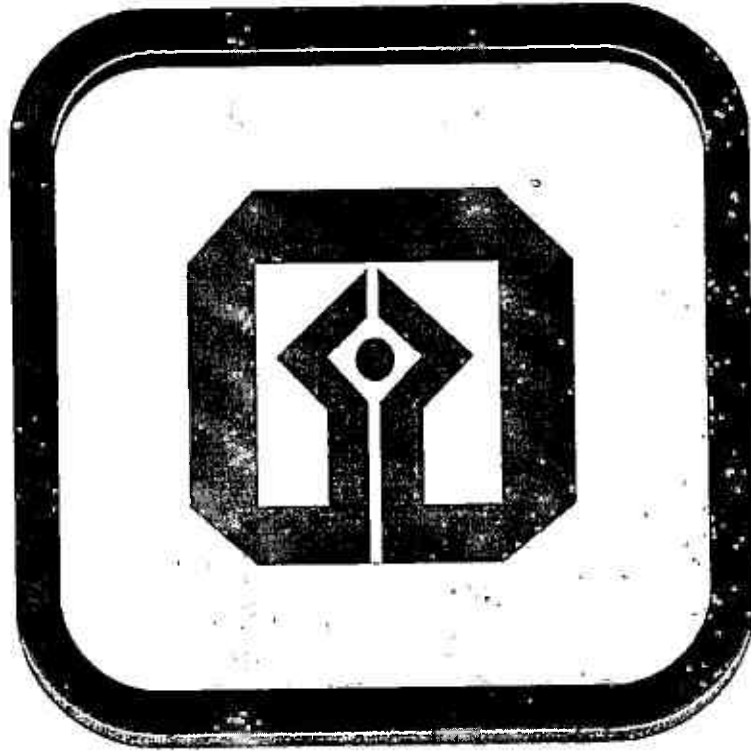
**UCO BANK**

(A Govt. of India Undertaking)

सम्मान आपके विश्वास का

Honours Your Trust

**Policy on Unclaimed Deposits FY 2024-26**



यूको बैंक, परिचालन एवं सेवा विभाग, प्रधान कार्यालय  
UCO Bank, Operations & Services Department, Head Office

Policy on Unclaimed Deposits FY 2024-26 Version: 1.1

## 1. Preamble

One of the important functions of the Bank is to accept deposits from the public. But it so happens that some of the accounts are not operated upon by the customers for quite a long period under circumstantial compulsions and they become oblivious of their deposits. Accounts not operated upon by the customers for considerable time are termed as inoperative/dormant accounts and have inherent operational risk associated with them. Further, it poses difficulties to the customers and/or to their kin in tracing the account and in making it operative again.

This policy document on unclaimed deposits outlines the guiding principles in respect of formulation of various safeguards and obligations on the part of the Bank to fulfill its commitments towards the customers and recognizing the rights of the customers.

## 2. Preliminary

In this policy, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:

i. **Bank Induced Transaction:** Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes (an illustrative list is given in **Annex I**).

ii. **Customer Induced Transaction:** The transactions in account which are in the nature of:

- a) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party (an illustrative list is given in **Annex I**) or;
- b) a non-financial transaction, or;
- c) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the Bank.

iii. **Financial Transaction:** A monetary transaction in the savings/ current account of the customer with the Bank either by way of a credit or debit transaction.

iv. **Inoperative Account:** A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period exceeding two years.



v. **Non-financial Transaction:** An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the Bank or through Third-Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

vi. **Unclaimed Deposits:** The credit balance in any deposit account maintained with the Bank, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3 (iii) of the "Depositor Education and Awareness" (DEA) Fund Scheme, 2014 formulated by RBI.

vii. **Unclaimed Deposit Reference Number (UDRN):** It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the Bank branch where account is maintained, cannot be identified by any third party.

### 3. Classification of In-Operative Accounts

All accounts (Savings Bank and Current) which are not operated upon for a continuous period of over 2 years shall be treated as Inoperative accounts. In case of term deposits, the 2-year period shall be reckoned after the date of maturity. For the purpose of classifying an account as 'inoperative', only customer induced transactions and not Bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with the Bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.



#### **4. Transactions/Mode of Operations considered to Keep an Account as Operative**

A Savings as well as Current Account should be treated as inoperative if there are no 'customer induced transactions' (i.e., no credit or debit other than crediting of periodic interest or debiting of service charges) in the account for over a period of over two years, as elaborated in the foregoing.

There may be instances where the Customer has given a mandate for crediting the interest on Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account is credited to the Savings Bank account as per mandate of the customer, the same should be treated as operative account as long as the interest on fixed deposit account is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the interest on Fixed Deposit account and if there are no other operations in the account during the period.

#### **5. Review of Accounts Not Operated for More than One Year**

In view of the increase in the amount of the unclaimed deposits with banks year after year and the inherent risk associated with such deposits, the Bank is required to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

The Bank shall undertake at least an annual review in respect of accounts, where there is no customer-induced transaction(s) for more than a year. In cases where there is no explicit mandate to renew the term deposit, the Bank shall review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed.

In case the account holder is not carrying out transaction and the account is inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorization to enable the Bank to transfer the balance from the existing bank account.

If the letters sent to the customer are returned undelivered or no response is received through registered email, the Bank shall immediately undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.





In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the Bank shall contact the introducer, if any, who had introduced the account holder to the Bank at the time of opening of the account. The Bank shall also contact the nominee, if registered, for tracing the customer.

The Bank shall also contact the employer/or any other person whose details are available with the Bank's record. In case the customer has furnished her/his telephone number, the same may be used for contacting her/him.

In case of Non Resident accounts, the Bank will also contact the account-holders through email and obtain their confirmation of the details of the account.

In case any response is received from the account holder giving the reasons for not operating the account, the Bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the Bank shall classify the said account as inoperative account on expiration of the extended period.

#### **6. Prior Notice on Classification of the Account as In-Operative**

The Bank shall inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the Bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become 'inoperative' if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

The Bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the Bank). The email/ SMS shall be sent on a quarterly basis.

In case of joint account holders, intimation through letters or email or SMS (if the email and mobile number are registered with the Bank) to be sent to all joint holders individually.



## 7. Allowing Operation in In-Operative Accounts

The account holder should submit a letter to the Bank in person, along with the pass book for Savings Bank / Cheque book for current account, with the request to change the status of the account from "Inoperative to Operative/Active" indicating the reasons for not operating the account in the past. The account holder should also submit the following documents / records to the Bank for verification.

- Recent color passport size photo.
- Certified copy of officially valid documents for proof of identity.
- Certified copy of officially valid documents for proof of address.

The Bank shall make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of Video based Customer Identification Process (V-CIP) being provided by the bank.

## 8. Due Diligence in Allowing Operations in Inoperative Accounts

In order to reduce the risk of fraud etc., while allowing operations in these accounts, due diligence should be exercised by ensuring the genuineness of transactions, verification of signature and identity, etc. However, it has to be ensured that the customer is not put into inconveniences in any manner.

## 9. Segregation of the In-Operative Accounts

The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (i.e., by controlling authorities of the branch concerned) without the knowledge and notice of the customers and the dealing staff.

## 10. Depositor Education and Awareness Fund (DEAF)

In terms of the RBI's Monetary Policy Statement 2013-14 and pursuant to the enactment of the Banking Regulation (Amendment) Act, 2012, Section 26A has been inserted in the Banking Regulation Act, 1949, which *inter alia*, empowered RBI to establish a Depositor Education and Awareness Fund (DEAF). Accordingly, the DEAF Scheme, 2014 has been made operational. In terms of RBI guidelines issued in this regard, amounts outstanding in the following accounts remaining inoperative for 10 years and above are to be transferred to DEAF A/c of RBI along with interest wherever applicable.



- Interest bearing Deposit A/cs,
- Non-Interest-bearing Deposit accounts, and
- Other Credit Items.

#### **11. Payment of Interest to the Depositors/Claimants on the Interest-bearing Unclaimed Deposits Transferred to RBI DEAF account**

In respect of unclaimed amount transferred to the Depositor Education and Awareness Fund (DEAF), the Bank shall be liable to repay a depositor or any other claimant, claiming his deposit or unclaimed amount, at such rate of interest as may be specified by the Reserve Bank of India in this behalf. Where the Bank has paid such amount or allowed operation of such account or deposit, the Bank will apply for refund of such amount from the DEAF fund. Reserve Bank of India specifies that the rate of interest payable by the Bank to the depositors/ claimants on the unclaimed interest-bearing deposit amount (SB and Term Deposit) transferred to DEAF fund shall be 4 % p.a. up to June 30, 2018, 3.5 % w.e.f. July 01, 2018 up to May 10, 2021 and at 3 % with effect from May 11, 2021 till the time of payment to the depositor/ claimant.

The amount of interest payable be made rounding off the amount of interest to the nearest Rupee.

The interest payable from the Fund on a claim shall accrue only from the date on which the balance in an account was transferred to the Fund to the date of payment to the customer/ depositor.

#### **12. Unclaimed Deposits/ Inoperative Accounts Operational Guidelines and Follow Up**

- No charges shall be levied for activation of inoperative accounts.
- The Bank shall subject all the amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits to concurrent audit within a period not exceeding 30 days as also statutory audit.
- Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not. If a Fixed Deposit Receipt matures and proceeds remain unpaid, the amount left unclaimed with the Bank will attract rate of interest as applicable to saving account or the contracted rate of interest on the matured fixed deposit, whichever is lower.
- The Bank shall host the details of unclaimed deposits {only name, address (without PIN code) and Unclaimed Deposit Reference Number (UDRN)}, which





have been transferred to DEA Fund of RBI on their respective websites, which shall be updated regularly, at least on a monthly basis.

- The database hosted on the website shall provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/ entity. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder's name(s), his/her address (without PIN code) and UDRN only.
- In case such accounts are not in the name of individuals, the search input and result should include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch shall not be disclosed on the Bank's website.
- The Bank shall provide on its website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents may be made available for the benefit of customers.
- The Bank shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.
- The Bank shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines such as Customer Due Diligence (CDD), customer identification, risk categorization, etc.
- The Bank shall ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires second level of authorization by another officer at the same or higher level (i.e., through maker and checker). System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs shall be as per the internal guidelines of the Bank.
- The Bank shall automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorized access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The Bank shall have in place adequate





operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine.

- The Bank shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.
- The Bank shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

### **13. No Minimum Balance and Incidental Charges for Inoperative Accounts**

The Bank is not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account and also, Incidental charges will not be levied once the account becomes inoperative after two years of non-operation in the account.

### **14. Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for Students etc.**

The Bank opens zero-balance accounts for beneficiaries of Central/State government schemes and for students who receive scholarship. Central and State governments have been expressing difficulty in crediting cheques/Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in these accounts as they are also classified as inoperative due to non-operation for two years. The Bank shall, based on the purpose of opening of the account, segregate the aforementioned accounts in its CBS, so that the stipulation of 'inoperative' account is also applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the Bank should exercise due diligence as per the extant instructions.

### **15. Reporting to RBI**

As per the provisions of the Section 26 of the Banking Regulation Act, 1949, the Bank is required to submit within 30 days after close of each calendar year submit a return in the prescribed form and manner to the Reserve Bank of India as at the end of each calendar year (i.e., 31<sup>st</sup> December) of all accounts in India which have not been operated upon for 10 years.



## **16. Preservation of records**

Branches are to take steps for preserving the customer account information including preservation of records pertaining to the identification of the customers and their addresses obtained while opening the account, for at least five years after the business relationship is ended.

## **17. Mandate of Customers to Credit Dividend on Shares**

Where a customer has given a mandate for crediting dividend on shares to SB account and there are no other operations in the account, such account to be treated as an operative account as long as the dividend is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative account only after two years from the date of the last credit entry of the dividend, provided there is no other customer induced transaction.

## **18. Fraud Risk Management in Inoperative Accounts**

Branches shall not allow any debit transaction in an inoperative account unless there is a customer-induced activation as per the procedure mentioned in point no 7 above. Further, the Bank shall impose a cooling-off period on reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the Bank.

The Bank shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The Bank shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

## **19. Review of Policy**

Review of the policy will be undertaken every two years.

## **20. Clarification on Operational Matters**

MD & CEO and in his absence Executive Director is authorized to issue clarifications on all operational matters relating to this Policy.

Note: Regulatory changes as per RBI notification will form part of Policy.

## **21. Standard Operating Procedure (SOP) & IT arrangement**

Necessary Standard Operating Procedure (SOP) have been formulated and adopted for the implementation of the Policy.

Adequate IT arrangements are also in place.



**1. Financial Transactions**

- a) ATM/ Cash withdrawal/deposit
- b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- c) Internet Banking Transactions
- d) Debit Card Transactions
- e) Transfer of funds from / to the linked CBDC(e-Rupee) account
- f) Cheque Clearing
- g) Remittance of funds by way of demand drafts
- h) Cash withdrawal by third party through cheque
- i) Standing Instructions issued by the customer
- j) NACH Debit / Credits
- k) Term Deposit Interest / proceeds
- l) Dividend on shares/Interest on Debentures or any other investment proceeds
- m) Direct Benefit Transfer (DBT) credits
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits

**2. Bank Induced Transactions**

- a) All types of charges levied by banks including taxes deducted
- b) Savings Bank account interests

