

Policy on Unclaimed Deposits 2023-24

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 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.

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. 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 (dormant) 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' both the type of transactions i.e., "debit" as well as "credit" transactions induced including standing instructions at the instance of customers as well as third party shall be considered. However, the service charges levied by the bank or interest credited by the bank shall not be considered.

3. Transactions/Mode of Operations considered to Keep an account as Operative:

A Savings as well as Current Account should be treated as inoperative / dormant if there are no 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 two years.

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.



4. 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, banks should play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

Bank shall make an annual review of accounts in which there are no operations (i.e. no credit or debit other than crediting of periodic interest or debiting of service charges) for more than one year. The bank shall make an endeavor to approach the customers by informing them in writing that there has been no operation in their accounts and to ascertain the reasons for the same. In case of non-operation in the account is due to shifting of the customers from the locality, they may be advised to provide the details of the new bank accounts to which the balance in the existing account could be transferred.

If the letters are returned undelivered, the customers shall immediately be put on enquiry to find out their whereabouts or their legal heirs in case they are deceased.

In case the whereabouts of the customers are not traceable, banks shall consider contacting the persons who had introduced him/her to the bank. Bank may also consider contacting the employer/or any other person whose details are available with bank's record. In case the customer has furnished his telephone number, the same may be used for contacting him. In case of Non Resident accounts, the bank may also contact the account holders through email and obtain their confirmation of the details of the account.

In case any reply is received from the account holder giving the reasons for not operating the account, bank may continue classifying the same as an operative account for one more year within which period the account holder shall be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, bank shall classify the same as inoperative account after the expiry of the extended period.

5. Prior notice on classification of the account as In-Operative:

The account holders to be advised, by sending SMS, e-mails, intimation letters that their account is liable to be classified as dormant after a period of in-operation of 1 year and 9 months. i.e., three months before the account is classified as dormant / inoperative and requesting them to put through a transaction (credit or debit) to keep the account active. The letter to respective account holder will be sent by post. In case of joint account holders, intimation letter to be sent to all joint holders individually.



6. 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 "Dormant to 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.

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.

Segregation of the In-Operative Accounts:

The segregation of the inoperative accounts from the operative accounts is from the point of view of reducing risk of frauds etc. in such accounts. However, all efforts shall be made to ensure that the customer does not get inconveniences in any way, just because his/her account has been rendered inoperative. The transaction shall be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious Transaction Report after assessment. However, the entire process to remain unnoticeable by the customer.

7. Depositor Education and Awareness Fund (DEAF):

In terms of announcement of Monetary Policy 2013-14 and pursuant to the enactment of the Banking Laws (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, 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.



8. 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), we 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 we have paid such amount or allowed operation of such account or deposit, we will apply for refund of such amount from the DEAF fund. Reserve Bank of India specifies that the rate of interest payable by us 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.

9. Unclaimed deposits/ inoperative accounts operational guidelines and follow up:

- There shall not be any charge for activation of inoperative account.
- Amounts lying in inoperative accounts shall be properly audited by the internal auditors/statutory auditors of the bank.
- Interest on savings bank accounts shall be credited on regular basis whether the account is operative 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.
- Bank shall display the name and address of account holders of unclaimed deposit accounts, which are inactive / inoperative for ten years or more on its Website preferably with FIND option. In case such accounts are not in the name of individuals, the name of individuals authorized to operate the accounts should be indicated.
- Bank shall also display on the website, the information on the process of claiming the unclaimed deposit/activating the inoperative account and necessary forms and documents for claiming the same.



- Bank may also consider launching a special drive for finding the whereabouts of the customers/legal heirs in respect of existing accounts which have already been transferred to the separate account head 'inoperative accounts'.

10. No Minimum Balance and Incidental Charges for Inoperative Accounts:

No charges are to be levied in inoperative accounts i.e. no charges for non-maintenance of minimum balance are to be levied in inoperative accounts and also, Incidental charges will not be levied once the account becomes inoperative after two years of non-operation in the account.

11. Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students etc.:

For crediting cheques/Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students etc., into accounts / Accounts with zero balance opened for the beneficiaries under various Central/State Government schemes such accounts are not to be classified as dormant/inoperative due to non-operation of the account for over two years.

12. Reporting to RBI:

Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, 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., 31st December) of all accounts in India which have not been operated upon for 10 years.

13. 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.

14. 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.



15. 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.

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