

POLICY ON INOPERATIVE AND UNCLAIMED DEPOSIT ACCOUNTS - 2018

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1. INTRODUCTION

There has been a steady increase in the amount of Unclaimed Deposits lying with the Banks year after year. The inherent risks associated with such deposits are very high. Reserve Bank of India (RBI) has advised Banks to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative and advised Banks to have a Board approved policy with regard to such deposits.

This Policy on “Inoperative & Unclaimed Deposit Accounts” aims at dissemination of information with regard to classification of accounts as Inoperative / Unclaimed, conduct of operations on Inoperative/ Unclaimed accounts, providing information to customers on Inoperative/ Unclaimed Accounts, Grievance Redressal Mechanism etc., and to ease out the difficulties faced by the customers on account of their accounts having been classified as inoperative.

2. CLASSIFICATION OF ACCOUNTS - INOPERATIVE / UNCLAIMED

Inoperative Accounts

Savings as well as Current accounts are treated as inoperative if there are no customer induced transactions (i.e. both debit & credit transactions induced at the instance of customers or by third party) in the account for over a period of two years. However, service charges levied and interest paid on Savings Bank Deposit are not considered as transaction for the purpose. While segregating the inoperative accounts from the point of view of reducing risk of frauds, monitoring the transactions etc., the Bank will ensure that the said process will not cause inconvenience to the customer in any way, just because his account has been rendered inoperative.

Unclaimed Accounts / Deposits

- (a) Savings and Current Account deposits which have not been operated upon for 10 years and above.
- (b) Term deposits which remain in overdue status for 10 years and above.

3. PAYMENT OF INTEREST ON INOPERATIVE ACCOUNTS

Applicable interest for Savings Bank accounts will be credited on regular basis without taking into consideration the status of the account i.e. whether the account is operative or not.

In the case of balances lying in Current Account standing in the name of a deceased individual depositor /sole proprietorship concern, interest will be paid only from 1st May, 1983, or from the date of death of the depositor, whichever is later, till the date of repayment to the claimant/s at the rate of interest applicable to Savings Deposit as on the date of payment.

On the request of the depositor, Overdue Term Deposit (In Overdue status for less than 10 years) will be renewed by paying interest for the overdue period at the rate decided by the Bank from time to time. If the depositor intends to withdraw the deposit, simple interest at the rate as applicable to Savings Bank accounts will be paid. In case of death of a depositor, interest will be paid as per the Deposit Policy of the Bank.

4. PROVIDING INFORMATION TO CUSTOMERS ON INOPERATIVE / UNCLAIMED ACCOUNTS

The Bank will make all efforts to approach & inform the customers regarding non-operation of their accounts and ascertain the reasons for the same. In this connection the Bank will send letters to all Savings Bank and Current account holders which are not operated for the last one year. If the letters are returned undelivered, the Bank will make efforts to find out the whereabouts of the customers, or their legal heirs in case of death of depositor. Efforts will also be made to get the details of new bank accounts opened by the customer, if any, and transfer the balance in the existing account to the new account, in case there is no operation in the account due to shifting of the customers from the locality.

In case the whereabouts of the customer are not known, the Bank will make efforts to contact the persons who had introduced the account holder. The Bank will also consider contacting:

- (a) the account holder telephonically in case his telephone number / mobile number has been furnished to the Bank.
- (b) the employer / or any other person whose details are available with the Bank.

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

If the account holder gives valid reasons for not operating the account, then the account will be continued to be classified as an operative account for one more year and Bank will request the account holder to operate the account within the said period. However, in case the account holder still does not operate the account during the extended period, then the account will be classified as inoperative after the expiry of the extended period.

A communication through letter / email / SMS will be sent to the customers three months in advance before classifying the accounts as inoperative.

A list of unclaimed accounts / deposits shall be displayed on the Bank's website and the same will be updated monthly or as specified by RBI, from time to time.

Further, a communication through letter / email / SMS will be sent to customers three months in advance before classifying the accounts as unclaimed. However, the Bank will continue to send due notices to Term Deposit holders as being done, hitherto.

5. OPERATION OF INOPERATIVE ACCOUNTS

Operation in inoperative Savings Bank / Current accounts will be allowed only after due diligence as per risk category of the customer by ascertaining genuineness of transaction, verification of signature, identity etc., in accordance with the Bank's KYC

& AML Policy. Nevertheless, it will be ensured that the customer is not inconvenienced as a result of extra care taken by the Bank.

6. PROCESS FOR CLAIMING AN UNCLAIMED DEPOSIT / INOPERATIVE ACCOUNT

The customer / survivor / legal heir/authorized signatories, as the case may be, may lodge a claim for the unclaimed deposit / activate the account, as the case may be. The claim process is as follows:-

a) Claim by Self:

Inoperative Account: Customer can visit the branch of the Bank with the original Savings Bank passbook / Current account passbook / statement of account and cheque book (if issued) OR original term deposit receipt, as the case maybe, and submit valid proof of identity and address. On verification of the same, as per the written request of the customer, branch shall either reactivate the Savings Bank / Current account after complying with all the KYC norms or close the account and pay the proceeds or branch shall either renew the term deposit or pay the amount.

Unclaimed Account / Deposit : In case of demand from a customer / depositor whose unclaimed amount / deposit has been transferred to RBI's DEAF account, the Bank will repay the customer / depositor, along with interest, if applicable, and lodge a claim for refund from RBI, for an equivalent amount paid to the customer / depositor. The rate of interest payable to the depositors / claimants on the unclaimed interest bearing deposits amount transferred to DEAF shall be as specified by RBI from time to time. At present, it is 4% simple interest per annum, until further notice.

In the absence of the aforesaid original documents, the customer/s has/have to furnish a letter intimating the loss of the documents & an Indemnity Letter in the prescribed format and any other document/s as may be required by the Bank for reactivation / closure of Savings Bank / Current account /renewal / withdrawal of term deposit.

- b) Claim by Legal Heir / Nominee: The Legal Heir / Nominee can visit the branch of the Bank and submit the required documents and comply with the claim settlement process of the Bank.
- c) Claim by Non-Individual: For claim of Non-Individual accounts, the customer needs to submit the Claim Form on the Company's/ Firm's / Institution's letterhead duly signed by the authorized signatories along with their valid identity and address proofs. The customer may also be required to submit such other documents as may be requested by the Bank.
- d) Claim in respect of Missing Persons: Settlement of claim in respect of missing persons will be done as per Deposit Policy of the Bank.

7. SERVICE CHARGES

No service charges will be levied for activation of inoperative account.

8. DISPLAY OF INFORMATION ON THE WEBSITE

Bank shall display the details of unclaimed deposits and claim procedure on the Bank's website. Further, the contact details of the Nodal / Contact Officer for the purpose, shall also be displayed on the website.

9. REVIEW OF UNCLAIMED / INOPERATIVE ACCOUNTS

Bank will make an annual review of unclaimed accounts and place the same before the Board, at the end of December every year.

Further, in terms of Section 26 of The Banking Regulation Act, 1949, the Bank shall, within thirty days after the close of each calendar year submit a return in the prescribed form and manner to the Reserve Bank as at the end of such calendar year of all accounts [in India] which have not been operated upon for ten years or more. In the case of money deposited for a fixed period, the said term of ten years shall be reckoned from the date of the expiry of such fixed period. In terms of Rule 14B of The Banking Regulation (Companies) Rules, 1949, the above stated return to be made by a

Banking Company under Section 26 of the Act shall be in Form IX. The return will be submitted within the stipulated period to the concerned Regional Office of RBI.

10. THE DEPOSITOR EDUCATION AND AWARENESS FUND (DEAF)

In line with the RBI guidelines, relating to The Depositor Education and Awareness Fund, the amount to the credit in any deposit account maintained with the bank which has not been operated upon for ten years or more, or any other specified credit balances remaining unclaimed for ten years or more, shall be credited to the Fund, along with the interest accrued, within the prescribed period, as per RBI guidelines from time to time.

In the event of receipt of claims for refund of deposits, even after such amount has been transferred to the Fund, the bank shall refund the amount to the depositor/claimant and in turn, claim refund of such amount from the Fund, with upto date interest, at the rates specified by RBI, from time to time.

11. OTHER SAFEGUARDS

Bank will take adequate operational safeguards to ensure that the claimants of unclaimed deposits are genuine which may include due diligence as per risk category of the customer with a view to ascertain genuineness of the transaction, verification of the signature and identity etc. Bank will also ensure that the amounts lying in inoperative accounts ledger/records are properly audited by the internal auditors of the Bank.

12. COMPLAINTS AND GRIEVANCE REDRESSAL

Complaints and Grievances received if any from the customers / legal heirs will be addressed as per the existing Complaints and Grievance Redressal mechanism of the Bank.

13. POLICY REVIEW AND REVISION

This policy will be reviewed annually and is subject to revision based on the extant guidelines of RBI from time to time.