

**THE UDAIPUR MAHILA SAMRIDHI URBAN CO-OP. BANK LTD**

**(Further referred as “Mahila Samridhi Bank”)**

**POLICY ON UNCLAIMED DEPOSITS & INOPERATIVE  
ACCOUNTS OF 10 YEARS AND ABOVE**

**INOPERATIVE ACCOUNTS OF 10 YEARS AND ABOVE**

**1. Review of all Operative accounts [Savings Bank and Current Accounts]:**

- a. An annual review of all 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 shall be done. The customers (all the joint holders) shall be approached and/or informed in writing that there has been no operation in their accounts. Such customers shall be requested to furnish the reasons for the same. In case the non-operation in the account is due to transfer of residence, the customer may be requested telephonically/by mail/letter to provide the details and proof of the new address in case they intend to continue their bank account or they may be requested to get their accounts transferred to branches of our bank near to their present place of residence.
- b. If the letters are returned undelivered, the account may immediately be put on enquiry status to find out the whereabouts of customers or their legal heirs [in case they are deceased.].
- c. The account holder can also be telephonically contacted in case his telephone number/Mobile number is available. In case of Non-Resident accounts, the account holders can also be contacted through emails.
- d. In case the whereabouts of the customers are not traceable, the introducer of the account holder or employer/or any other person whose details are available with the branch has to be approached.
- e. In case reply is given by the account holder giving the reasons for not operating the account, the account will continue to be classified as an operative account for one more year within which period the account holder may be requested to operate the account.
- f. However, in case the account holder still does not operate and total period of non-operation crosses 24 months, such account will be classified as inoperative account.

**2. Inoperative Accounts [Savings Bank and Current Accounts]:**

- a. The segregation of accounts as inoperative accounts is done from the point of view of reducing risk of frauds etc. However, the customer will not be inconvenienced in any way, just because his/her account has been rendered inoperative. The classification is done only to bring to the attention of dealing staff, the increased risk in the account. Such transaction should be monitored at a higher level i.e. by Branch Incumbent/ in charge/II line officers.

- b. Operation in such accounts be allowed by Branch Manager/In charge after due diligence as per risk category of the customer. Due diligence would mean ensuring genuineness of the transaction, verification of the signature and identity etc., However, it has to be ensured that the customer is not inconvenienced as a result of extra care taken by the bank.
- c. For the purpose of classifying an account as 'inoperative', both the types of transactions i.e. debit as well as credit transaction induced, at the instance of customer as well as third party shall be considered.
- d. In cases 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 Saving Bank account, same shall be treated as customer induced transaction and account shall be treated as operative account as long as interest on Fixed
- e. However, the service charges levied by the bank or interest credited by the bank shall not be considered as customer induced transaction.

### **3. Unclaimed Term Deposits:**

- a. The Fixed Deposit accounts where the proceeds are not claimed on maturity are treated as overdue Term deposits. Term deposit account holders at the time of placing their deposits can give instructions with regard to Auto renewal of deposit for further period on the date of maturity or wait for his instructions.
- b. In case customer has opted for auto renewal deposit can be renewed automatically such that the total period beginning from the date of deposit of the original deposit does not exceed 10 years. After 10 years deposit will be considered as overdue deposit.
- c. In case of wait for instruction, on maturity, deposits are treated as overdue Term deposits.
- d. Overdue deposits are treated as unclaimed deposits and Branches may review such deposits regularly and approached and/or informed customer telephonically/by mail about their unclaimed deposit and necessary action may be taken.

### **4. Payment of Interest of Unclaimed Deposits/Inoperative Accounts & Death Claim:**

- a. As per the extant guidelines, interest on Savings Bank accounts, if eligible, shall be credited on regular basis whether the account is operative or inoperative.
- b. For Unclaimed Term deposits which have become overdue after maturity, the interest up to maturity date is already credited. However, at the time of payment, interest will be paid as per the procedure:
  - a. At a later date the customer will be eligible for interest at **prevailing** SB rate for the overdue period if he/she does not prefer to renew the deposit, as per the extant guidelines.

- b. If the customer prefers to renew for further period the customer will be eligible for interest for overdue period as per extant guidelines and deposit can be renewed for further period.

**5. Depositor Education and Awareness Fund (DEAF):**

Reserve Bank of India vide notification DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 dated 27.05.2014 issued Operational guidelines of **The Depositor Education and Awareness Fund** gist of the same is as follows:

- a. As per the scheme guidelines, the amounts to be credited to the Fund shall be the credit balance in any deposit account maintained with banks which have not been operated/ claimed upon for ten years or more, or any amount remaining unclaimed for ten years or more.
- b. Banks are required to transfer to the Fund, the amounts becoming due in each calendar month (i.e. balances remaining unclaimed for ten years or more) and the interest accrued thereon on the last working day of the subsequent month.
- c. In case of demand from a customer/ depositor whose unclaimed amount/deposit had been transferred to Fund, banks shall repay the customer/depositor, along with interest if applicable, and lodge a claim for refund from the Fund for an equivalent amount paid to the customer/depositor.
- d. The interest payable, if any, 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. No interest shall be payable in respect of amounts refunded from the Fund, in respect of which no interest was payable by the bank to its customer/depositor.
- e. Rate of interest, if any, payable on the principal amount transferred to the Fund shall be specified by Reserve Bank from time to time. At present rate of interest is 4% p.a.
- f. In the case of a claim for refund of foreign currency denominated deposit accounts, instruments or transactions, irrespective of whether the banks have paid the depositor/customer in Indian rupees or foreign currency, the banks shall be entitled to claim refund of the eligible amount from the Fund, in Indian rupees only.
- g. Refunds made by a bank in each calendar month should be claimed for reimbursement from the Fund on the last working day of the subsequent month.
- h. Banks shall furnish returns to Reserve Bank in the form and manner as prescribed by Reserve Bank from time to time certified by concurrent auditors.
- i. The Fund shall be utilised for promotion of depositors' interests and for such other purposes which may be necessary for promotion of depositors' interest as may be specified by the Reserve Bank. The Committee shall function keeping in view the purposes contemplated in Section 26A(4) of the Act and in accordance with the purposes that may be specified by Reserve Bank in this regard from time to time.

**6. Present Process:****Transfer to DEAF:**

As per RBI guidelines, our Bank is transferring the credit balance in any deposit account maintained with banks which have not been operated/claimed upon for ten years or more, or any amount remaining unclaimed for ten years or more on monthly basis.

- IT Division in HO will ascertain the account due to transfer to DEAF on specific day of the month and close the account in CBS and transfer the amount outstanding including accrued interest in such accounts to FMD-HO.
- Branches are informed to locate the details about amount outstanding in the manual GLs and keep transaction details in branch and transfer the amount outstanding in GL to FMD-HO.
- On last 2 days of the month FMD-HO will transfer the amount lying in their GL to DEAF maintained by RBI through E-Kuber by board approved authorized signatories.
- On transfer, HO-FMD will prepare the returns to be submitted to RBI and get it vetted by concurrent auditors.

**Maintenance of Data:**

Presently division is maintaining the details of accounts transferred to DEAF manually. While transferring the account to DEAF, accounts are closed in CBS. Hence the claim of the deposit will not take place through CBS. Hence IT Division is in the process of developing application software to maintain the details of accounts transferred to DEAF, Settlement of Claim, and submission of returns to RBI etc.

**Processing Claim:**

In case of any claim from the customers/Nominee/Legal heirs, Branches has to get latest KYC documents and request letter from the customer for claim and ensure genuineness of the same. Branches have to take adequate operational safeguards to ensure that claimants are genuine. Then branches have to send a letter, to nodal division as mentioned below, along with the details as mentioned below duly attested by Branch Head to claim the amount transferred to DEAF:

Nodal Division	Claims related to	Details
Resource Mobilization Division[RMD]	Interest Bearing/Non-Interest Bearing Deposits	Application Form Copy of the claim request received from customer Copy of Deposit receipt/Passbook address page/last updated transaction page In absence of deposit receipt; Indemnity Bond Statement of account for the month of account transferred to DEAF, In case of legal heirs

Financial Management Division [FMD]	Other Credits (Unclaimed DDs, POs, Sundry Deposits)	Br.Code, Br.Name, DD or PO No., Amount, Copy of the DD or PO receipt or copy of the counter foil, Request letter from Party
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On verification of the claim, RMD/IIBD shall recommend to HO-FMD to make the payment to Branch along with interest, if any from the date of transfer to DEAF to date of payment to Branch. Branch has to ensure that claim related to interest bearing deposits will be settled with customer as far as possible on the same day, but not later than 3 days on which HO-FMD will make payment to branch and claim related to Non-Interest bearing deposits and others may also be settled within 3 days.

**Settlement of Claim:**

Since accounts are closed in CBS and transferred to DEAF, while settling claim there will not be any provision to re-open the closed accounts or renew the deposits. Branches make the payment to customer:

1. Open the new account [in case of SB/CA] or open fresh deposit account and credit the amount to new account.
2. Through Demand Draft.

**7. Payment of interest on accounts transferred to DEAF while claim:**

Parameter	Interest paid during account was inoperative/ unclaimed till transfer to DEAF	Interest paid after transferring to DEAF
Current Account	Nil	Nil
Savings Bank Account	Savings Bank Interest Rate	As specified by RBI, time to time
Term deposits	<b>From the date of maturity till transfer to DEAF, the customer will be eligible for interest for overdue period as per prevailing SB rate.</b>	As specified by RBI, time to time.

**8. Role of Internal auditors/Statutory Auditors of the Bank:**

The Internal Auditors/Statutory Auditors of the bank shall verify the process followed by the branch in the settlement of the DEAF claim and genuineness of transaction of amount paid to customers.

Banks shall furnish returns to Reserve Bank in the form and manner as prescribed by Reserve Bank from time to time certified by concurrent auditors.

**9. Display of Unclaimed/In operative accounts [10 years and above] in Bank's website:**

As per RBI Notification No. RBI/2014-15/442 DBR.No. DEA Fund Cell.BC.67/30.01.002/2014-15 dated 02.02.2015 regarding display of the list of unclaimed/inoperative accounts; the bank shall display the list of unclaimed/inoperative accounts on their respective websites which are unclaimed/ inoperative for 10 years and above. The list so displayed will contain only the name and address of the account holders so as to maintain secrecy of customer's affairs and confidentiality about their transactions as per Banking Regulation Act. 1949. In case customer finds his/her name/the name of any depositor of whose estate he is the legal heir he/she can submit his request for activation of accounts/claim to balance in deceased deposit as legal heir, respectively. Our Bank is displaying the same in website as per the guidelines.

#### 10. REVIEW OF THE POLICY

- The Policy will be reviewed before End of the Year or as and when felt necessary by the Board.

#### 11. APPROVAL BY BOARD OF DIRECTORS

- The Board of Directors approved "**Policy on Unclaimed Deposits & Inoperative Accounts of 10 Years & Above**" in Board Meeting held on **31-03-2018** through. The Board Resolution No. is **12 (2)(4)**

CERTIFIED COPY

For, **THE UDAIPUR MAHILA SAMRIDHI URBAN CO-OP. BANK LTD.**



**VINOD CHAPLOT**  
**MD & CEO**

Plac UDAIPUR

Date: 31-03-2018