POLICY DOCUMENT ON UNCLAIMED DEPOSIT & INOPERTIVE ACCOUNTS

THE NAINITAL BANK LIMITED
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Uttrakhand

Document Name	Unclaimed Deposit & Inoperative Account	Document Number	OPR/CRP/1.2
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1. Preamble

In view of the increase in the amount of the unclaimed deposits i.e. deposits accounts which are not operated since last 10 years and the inherent risk associated with such deposits, it is felt that banks should play a more pro-active role in strengthening the regulatory frame work for inoperative/dormant accounts i.e. accounts which are not operated for the last two years and unclaimed deposits.

2. Objective

The objective of the policy is to put in place a framework for classification of inoperative accounts /unclaimed deposits, grievance redressal mechanism for quick resolution of complaints related to inoperative accounts, record keeping and periodic review of these accounts.

3. Scope

The policy covers guidelines and procedures for dealing with inoperative accounts and unclaimed deposits.

4. Policy

Classification of Inoperative accounts:

1. Potential Dormant accounts:

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. Though such accounts are in active status, it is called potentially dormant account. If such accounts are operated in time, it will not turn into dormant accounts.

2. Inoperative/Dormant Accounts:

a) The savings as well as current accounts should be treated as inoperative /dormant if there are no transactions in the accounts for over a period of two years.

b) For the purpose of classifying an account as "inoperative/dormant" both the type of transactions debit as well as credit transactions, induced at the instance of customers and third party should be considered. However, the service charges levied by the bank or interest (payable on the balances of account itself.) credited by the bank should not be considered. Monthly and Quarterly interest on term deposit credited to deposit accounts are considered customer induced transaction for this purpose. Such accounts are segregated and maintained in the system with status "Dormant".

c) To activate such accounts customer is required to submit application for activation of account, fresh KYC documents and to do some credit transactions in the account.

3. Unclaimed Deposits:

Current and Savings account which are not operated for last 10 years and Time deposit which is not withdrawn in 10 years after its maturity date are unclaimed deposits. Bank is required to report figure of Unclaimed deposits to RBI every year.

As per Section 26 of the Banking Regulation Act, 1949 bank (Corporate Accounts and Taxation Department) will within 30 days after close of each calendar year submit a return in the prescribed form given by RBI 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.

The accounts classified at b) & c) category as above will be marked as 'Dormant" in the system. Any Debit operation in the account should be allowed after activating the account by following procedure as mentioned at c) above

Depositors' Education and Awareness Scheme, 2014 :

RBI vide its circular RBI/2013-14/527 DBOD.NO.DEAF Cell.BC.101/30.0.002/2013-14 dated 21.03.2014 advised that Pursuant to the amendment of the Banking Regulation Act, 1949, section 26A has been inserted in that Act, empowering Reserve Bank to establish The Depositor Education and Awareness Fund. Under the provisions of this section the amount to the credit of any account in India with any bank which has not been operated upon for a period of ten years shall be credited to the Fund, within a period of three months from the expiry of the said period of ten years. The depositors would, however, be entitled to claim from the bank their deposit or any other unclaimed amount or operate their account after the expiry of ten years, even after such amount has been transferred to the Fund. The bank would be liable to pay the amount to the depositor / claimant and claim refund of such amount from the Fund/RBI.

Operational procedure for implementation of DEAF scheme, 2014 was approved by the Board vide agenda No. O-2 dated 25.08.2014 accordingly scheme has been implemented.

4. Guidelines to be followed for activation of inoperative accounts and Unclaimed deposits:

a) The branches should 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 branches may approach the customers for reviewing such accounts and inform them in writing/through SMS that there has been no operation in their accounts and ascertain the reasons for the same. In case the non-operation in the account is due to shifting of the customers from the

locality, they may be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred.

b) To prevent account from becoming dormant, SMS alert is sent to customers
- when account becomes potentially dormant i.e. there are no transactions in the account for one year advising customer to do the transaction in the account.
- when account is classified as dormant advising customer to activate the account.

c) If the letters are returned undelivered, branches should immediately make an enquiry to find out the whereabouts of customers or their legal heirs in case of demise of customers.

d) In case the whereabouts of the customers are not traceable, branches should consider contacting the persons who had introduced the account holder or their employer etc. The customer may also be contacted over telephone in case his telephone number / Cell number has been furnished to the bank. In case of Non Resident accounts, the bank may contact the account holders through e-mail and obtain confirmation/ details /Documents for activation of account. NRI customers may also be approached through our branch at overseas centres.

e) In case reply is given by the account holder giving reasons for not operating the account, branch to continue classifying the same as an operative account for one more year within which period the account holder may be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, banks should classify the same as inoperative account after the expiry of the extended period.

f) For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, the service charges levied by the bank or interest on the balances of SB account itself credited by the bank should not be considered. Monthly and Quarterly interest on term deposit credited to deposit accounts are considered customer induced transaction for this purpose.

g) Further, the segregation of the inoperative accounts is from the point of view of reducing risk of frauds etc. However, the customer should not be inconvenienced in any way, just because his account has been rendered inoperative. The classification is there only to bring to the attention of dealing staff, the increased risk in the account. The transaction will be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious Transactions Report. However, the entire process will remain un-noticeable by the customer.

h) Operation in such accounts may be allowed 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 branches. KYC guidelines should also be observed for activation of inoperative account.

i) There is no charge for activation of inoperative account.

j) Interest on savings bank accounts should be credited on regular basis whether the account is operative or not. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest if Auto Renewal facility at the time of placing the deposit was specifically refused by the customer.

k) The amounts lying in inoperative accounts will be audited by the internal /Concurrent auditors of the bank.

5. Display of Inoperative accounts on bank's Website:

The information on Unclaimed deposits are displayed on Bank's website under **List Of Inoperative Accounts**. In case of accounts of Individual Customer's name and address are displayed and in case of Non-Individuals Name of account, address and name of person authorized to operate the account are displayed with 'FIND" option. Customer can enter his name / address and search for similar accounts. The list of name and addresses are displayed. Customers are advised to approach nearest branch if his name is appearing in the list.

The same file with additional information such as account number, amount etc is available in CBS Software. When customer approaches the branch and give his details which was appearing against his name on website, branch will verify the identity of the customer by asking him/her and search his account on the basis of Name and address and inform name of the branch to customer where he is maintaining account. Customer will not be informed about his balance in the account.

6. Grievance Redressal Mechanism:

Customer query on inoperative accounts will be handled at branch as well as Regional and Head Office as the database will be available in CBS software. Customer can send his complaint through On Line Complaint Tracking Module, by email or physical letter with full details on inoperative/unclaimed deposit/other credits account as the case may be and their identity proof.

7. Reporting and Review:

Periodic review of unclaimed deposits/credits and inoperative/dormant accounts is put up to Board on half yearly basis.

6. Applicability

The policy is effective from 01st November, 2022

7. Periodicity of Review of Policy

The policy will be effective for 12 months i.e. upto October 31st, 2023. The MD & CEO may allow continuation of the policy for a maximum period of six months from due date of review, in case the policy cannot be reviewed on or before due date.

End of Document