



**POLICY**  
**ON**  
**INOPERATIVE / DORMANT ACCOUNTS**  
**AND**  
**UNCLAIMED DEPOSITS**

**CUSTOMER RELATIONS DEPARTMENT**

The South Indian Bank Ltd.  
Head Office, Thrissur

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**CONFIDENTIAL**  
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## **1. Preamble**

Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, within 30 days after closure of each calendar year submit a return in the prescribed form and manner to the concerned regional office of Reserve Bank of India. 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, bank will play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained Inoperative / Dormant. The list of Inoperative / Dormant accounts/Unclaimed deposits of the bank has been displayed in the bank's official website. With a view to further strengthen the regulatory frame work for Inoperative / Dormant accounts and unclaimed deposits this policy document is formed which details classification of Inoperative / Dormant accounts / Unclaimed deposits, grievance mechanism for quick resolution of complaints, record keeping and periodic review of such accounts.

## **2. Classification of Inoperative / Dormant Accounts / Unclaimed deposits**

- 2.1. Bank will 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 may contact the Domestic as well as NRI customers, inform them via SMS/ E mail/ Letters/ Phone 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 advised as follows. (i) to use Any Branch Banking (ABB) Facility, wherein they can transact with their any branch (ii) they may be advised to transfer the account to a branch near to their residence for operational convenience or (iii) request them to provide the details of the new bank accounts to which, the balance in the existing account could be transferred.
- 2.2. If the letters are returned undelivered, they may immediately be put on enquiry to find out the whereabouts of customers or their legal heirs, in case they are deceased.
- 2.3. In case the whereabouts of the customers are not traceable, bank may consider contacting the persons who had introduced the account holder. Bank may also consider contacting the employer/or any other person whose details are available with them.
- 2.4. In case, the account holder gives any reason for not operating the account, bank will 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 / Dormant account after the expiry of the extended period.
- 2.5. If there is no operation in the account, Bank will send a letter in writing to the Inoperative / Dormant account first and second holders separately, for regularizing / Activating the account, three months before converting it into Inoperative / Dormant status. SMS is also sent 15 days before the account is classified as Inoperative / Dormant.
- 2.6. In case there is no reply from the account holder, a savings as well as current account will be treated as Inoperative / Dormant if there are no transactions in the account for over a period of two years.

- 2.7. For the purpose of classifying an account as 'Inoperative / Dormant' both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party will be considered. However, the service charges levied by the bank or Savings Bank interest credited by the bank should not be considered.
- 2.8. In case a customer has given a mandate for crediting the interest on Fixed Deposit account and/or crediting dividend on shares to the Savings Bank account and there are no other operations in the Savings Bank account, then the account will be treated as Inoperative / Dormant account only after two years from the date of the last credit entry of the interest on Fixed Deposit account and/or dividend on shares, whichever is later, provided there is no other customer induced transaction.
- 2.9. The segregation of the Inoperative / Dormant accounts is from the point of view of reducing risk of frauds etc. and the customer will not be inconvenienced in any way, just because his account has been rendered Inoperative / Dormant. The classification is there only to bring to the attention of dealing staff, the increased risk in the account. The transaction may be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious Transactions Report.
- 2.10. Operation in such accounts may be allowed after due diligence as per risk category of the customer. Due diligence means ensuring genuineness of the transaction, verification of the signature and identity etc. However, customer will not be inconvenienced as a result of extra care taken by the bank.
- 2.11. There will **not be any charge for activation of Inoperative / Dormant account**. Bank **will not levy any penal charges for non-maintenance of minimum balance in any Inoperative / Dormant account** (w.e.f. 06/05/2014).
- 2.12. The concurrent auditors will verify and certify that the bank's books and returns have been correctly compiled by the bank in the monthly and yearly returns submitted to RBI. Statutory auditors will verify the books and returns at the time of Annual audit and issue an Annual Certificate. Annual Certificate is forwarded to RBI.
- 2.13. Interest on savings bank accounts should be credited on regular basis whether the account is operative or not.

### **3. Inoperative / Dormant Foreign Currency Deposits**

With the objective of aligning the instructions in respect to foreign currency accounts with the Scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative / Dormant Foreign Currency Deposits) Regulations, 2014 vide Notification No. FEMA.10A / 2014-RB dated March 21, 2014 under Foreign Exchange Management Act (FEMA), 1999 relating to Inoperative / Dormant foreign currency deposits.

Accordingly, Authorized Dealer banks shall crystallize, that is, convert the credit balances in any Inoperative / Dormant foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

- 3.1. In case a foreign currency denominated deposit with a fixed maturity date remains Inoperative / Dormant for a period of three years from the date of maturity of the deposit, at the end of the third year, the authorized bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the exchange rate

prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

- 3.2. In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains Inoperative / Dormant for a period of three years (debit of bank charges not to be reckoned as operation), the authorised bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate.
- 3.3. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

#### **4. Process for claim of Unclaimed deposits**

- 4.1. An unclaimed deposit is one wherein account is not operated for 10 years or more or refers to any deposit or any amount being unclaimed for more than 10 years.
- 4.2. As per RBI circular - RBI/2011-12/389 DBOD.No.Leg.BC. 81 /09.07.005/2011-12 February 7, 2012 the list of Unclaimed deposits / Inoperative / Dormant accounts which are inactive / Inoperative / Dormant for ten year or more has been displayed on Bank's website. The list so displayed will contain only names of account holders(s) and his/her address in respect of Unclaimed deposits / Inoperative / Dormant accounts.
- 4.3. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.
- 4.4. Claim Process:
  - 4.4.1. **Claim from Customer** - Customer may visit the nearest branch and submit Unclaimed Deposit claim request, along with valid & latest KYC document.
  - 4.4.2. **Claim from Other entities** - For claim of other accounts, the Claim form need to be submitted on Company's letter head duly signed by authorized signatories along with valid identity proof.
  - 4.4.3. **Claim from Legal Heir/Nominee** - For claim process, legal heir may visit the nearest branch and submit the Unclaimed deposits claim request, along with following documents.
    - a) Valid KYC proof of the claimant.
    - b) Copy of Death Certificate of Deposit Holder
    - c) Other Relevant Documents (For detailed process, refer Policy on Bank Deposit, section 19 : Settlement of dues in deceased deposit account available in on the website / e docket.

At the time of submission of claims, original documents have to be produced for the purpose of verification at the branch.

## **5. Activation of Inoperative / Dormant accounts**

The Account holders may contact branches at which accounts are maintained with the following documents for activation of Inoperative / Dormant accounts:-

- a) Original SB or CD Pass book
- b) Two Recent Passport size Photo(s) of Account holder(s) / Authorized signatories
- c) Any of the OVD (Officially Valid Documents) for Proof of Identity / Proof of address from the list below:
  - 1) Aadhaar Card (on voluntary basis along with the consent)
  - 2) Passport,
  - 3) Driving License,
  - 4) Voter's Identity Card issued by Election Commission of India,
  - 5) Job card issued by NREGA duly signed by an officer of the State Government,
  - 6) Letter issued by the National Population Register containing details of name and address.
- d) The Permanent Account Number (PAN) and in absence of the same, Form 60 as the case may be, is mandatory.
- e) If the OVD furnished by the customer does not contain updated address, the following documents shall be deemed to be OVDs for the limited purpose of proof of address:
  - 1) Utility bill which is not more than two months old of any service provider (electricity, telephone, postpaid mobile phone, piped gas, water bill);
  - 2) Property or Municipal tax receipt;
  - 3) Pension or family pension payment orders (PPOs) issued to retire employees by Government Departments or Public Sector Undertakings, if they contain the address
  - 4) Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies, lease, and license agreements with such employers allotting official accommodation.
- f) In case of a customer being NRI, he /she /they shall submit, copy of a valid Passport and Copy of a Valid Visa/Work permit or any other documents acceptable for proof of address as per our KYC Policy.

## **6. Redressal of complaints and grievances**

For any complaint / grievance with regard to services rendered by the Bank, customer has a right to approach authority (ies) designated by the Bank for handling customer complaint/grievances. The details of the internal set up for redressal of complaints/grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within a period of one month after the bank received the complaint, or the bank rejects the complaint, or if the complainant is not satisfied with the

reply given by the bank; he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

#### **7. The Depositor Education and Awareness Fund Scheme, 2014 (DEAF)**

The Depositor Education and Awareness Fund (DEAF) Scheme, 2014 has been notified in the Official Gazette on May, 24 2014. As per the scheme, banks have to transfer all Inoperative / Dormant accounts and credit balances remaining for ten years or more including up-to date interest (if it is a interest bearing account) outstanding as on 23rd May 2014 and every month thereafter to a separate account maintained by each bank at RBI . Accordingly, we have started transferring the amounts every month end since June 2014.

In the case of demand for refund from the customer/ depositor whose unclaimed deposit has been transferred to the DEAF fund through Head Office, branches are advised to obtain necessary requests from the customer/depositor (for branch records) and forward the same for DEAF refund signed by the branch head in the prescribed format.

All the relevant records relating to the account as well as refund including request letter, account opening forms, KYC documents etc are to be preserved and kept separately for verification by the auditors/ internal inspectors.

#### **Annexure: Claim Format**

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