



DHANLAXMI BANK

POLICY ON DORMANT ACCOUNTS & UNCLAIMED DEPOSITS

Version: 2024

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1. Introduction

Reserve Bank of India, vide their circular DBOD No.Leg.BC.34/09.07.005/2008-09 dated August 22, 2008 had issued detailed instructions to banks on dealing with unclaimed deposits / inoperative accounts. Further, vide its circular DBOD. No. Leg.BC.81/09.07.005/2011-12 dated February 7, 2012; banks were advised to display the list of unclaimed deposits / inoperative accounts which were inactive / inoperative for ten years or more on their respective websites. With a view to further strengthening the regulatory framework for inoperative accounts and unclaimed deposits, banks have been advised to put in place a Board approved policy on classification of unclaimed deposits, grievance redressal mechanism for quick resolution of complaints, record keeping and periodic review of such accounts. Vide the Gazette Notification dated January 7, 2013, a new section 26 (A) was inserted in Banking Regulation Act 1949, wherein the Reserve Bank of India shall establish a Fund called “Depositor awareness protection Fund” for the credit of any account or unclaimed amount in a banking company which has not been operated for a period of more than 10 years. Pursuant to the amendment, RBI vi de DBOD. No. DEAF Cell.BC.101/30.01.002/2013-14 dated 21.03.2014 had established the Depositor Education and Awareness Fund. As directed by Reserve Bank of India, we have remitted to the Depositor Education and Awareness Fund (DEAF), the credit balance in the Deposit accounts which have not been operated or any amount remaining unclaimed for a period of 10 years or more along with interest accrued, on 30th June 2014. Bank is required to transfer to the DEAF, the amounts becoming due in each calendar month (ie, balance remaining unclaimed for ten year or more) and the interest accrued thereon up to the date of transfer on the last working day of the subsequent month.

Further RBI vide circular No. RBI/2023-24/105 DOR.SOG (LEG).REC/64/09.08.024/2023-24 dated January 1st 2024, issued comprehensive guidelines on the measures to be put in place by Bank covering various aspects of classifying accounts and deposits as inoperative accounts and unclaimed deposits, as the case may be, periodic review of such accounts and deposits, measures to prevent fraud in such accounts/deposits, grievance redressal mechanism for expeditious resolution of complaints, steps to be taken for tracing the customers of inoperative accounts/ unclaimed deposits including their nominees/ legal heirs for re-activation of accounts, settlement of claims or closure and the process to be followed by them.

2. Objective

- To segregate and maintain in separate ledger/s the deposit accounts which have not been operated upon over a period of two years. This segregation of the inoperative accounts is from the point of view of reducing risk of frauds, record keeping and periodic review of accounts.
- To have a mechanism for periodic transfer of unclaimed deposits to DEAF, settlement of refund claims, complaint redressal etc.
- The need to identify the owners of the unclaimed deposits/inoperative accounts is closely linked to KYC due diligence. Bank will display the list of unclaimed deposits/inoperative accounts which are inactive/ inoperative for ten years or more on the website. The list so displayed on the website must contain only the names of the account holder(s) and his/her address in respect of

unclaimed deposits/inoperative accounts.

- The process for this includes (i) annual review of accounts in which there are no operations, (ii) operations in such accounts to be allowed after due diligence (iii) settlement of claims as per the laid down procedure etc.

3. Scope

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

4. Dormant Accounts

An account shall be classified as “dormant” if an account is inoperative for a period of 24 months. Bank will pursue the following procedure for classification of accounts as dormant accounts.

A savings as well as current account should be treated as dormant if there are no customer induced transactions in the account for over a period of two years. For the purpose of classifying an account as “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 should be considered. However, the service charges levied by the bank or interest credited by the bank should not be considered.

Periodic interest if any shall be credited to the Dormant accounts. Periodical debit or credit of interest and debiting of service charges by the Bank will not be construed as a customer-induced transaction. However, Interest on Fixed Deposit account credited to the Savings Bank account and standing instructions (Debit) executed in the accounts shall be treated as a customer induced transaction. 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 renewed within 14 days from the date of maturity, the rate of interest applicable is as prevailing on the date of maturity. And if the FD remain overdue beyond 14 days, the amount left unclaimed with the Bank shall attract rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower from the date of maturity. The amounts lying in inoperative accounts ledger need to be properly audited by the internal auditors / statutory auditors of the bank.

5. Operational Procedure for classifying account as Dormant

- Bank shall undertake an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the bank shall review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. Bank shall inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become ‘inoperative’ if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

- If the letters are returned undelivered or no response is received through registered email, Bank shall undertake an enquiry to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased. In case any response is received from the account holder giving the reasons for not operating the account, Bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year ('extended period'). In case the account holder still fails to operate the account within the extended period, the banks shall classify the said account as inoperative account after the expiry of the extended period.
- For the purpose of classifying an account as 'inoperative', only customer induced transactions (an illustrative list of Bank induced and Customer induced transactions is attached as Annexure I) and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transaction.
- The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.
- In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.
- In case of zero balance accounts opened for beneficiaries of Central/State government schemes and for students who receive scholarship, the accounts will face difficulty in crediting cheques/Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in accounts as they will also be classified as inoperative due to non-operation for two years. Banks shall, based on the purpose of opening of the account, segregate the aforementioned accounts so that the stipulation of 'inoperative' account is not applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, Bank shall exercise due diligence as per the extant instructions.

6. Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at regional level. The amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, shall be subjected to concurrent audit.

7. Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

Bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis. In case the whereabouts of the holder(s) of the inoperative

account/ unclaimed deposit are not traceable, Bank shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. Bank shall also contact the nominee, if registered, for tracing the customer. Bank shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

8. Activation of Inoperative Accounts

Bank has made available, the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder. Bank shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc

System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs shall be as per the internal guidelines. Bank shall automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. Bank has in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. Bank shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not. Bank shall not levy penal charges for non-maintenance of minimum balance in any account that is classified as an inoperative account. No charges shall be levied for activation of inoperative accounts.

9. Revival of Dormant accounts

- ❖ Operation in dormant accounts shall only be allowed after due diligence as per risk category of the customer. Due diligence means ensuring the identity of the payee/customer based on latest KYC documents, verification of the signature, genuineness of the transaction etc.
- ❖ Customer can approach the branch in which the account is maintained (base branch) through physically/registered email and submit application, latest KYC documents and passport size photograph for reactivation of accounts. The e-mail request should contain the specified request along with the reason for not operating the account.
- ❖ Bank shall ensure that the customer is not inconvenienced as a result of extra care taken by the bank.

- ❖ No charges will be levied to the customer for re-activation of the dormant account.
- ❖ When a financial transaction is sought to be carried out in a Dormant account, due diligence of the account as per the risk category of the customer shall be first carried out by the branch. Due diligence means ensuring the identity of the payee/customer based on latest KYC documents, verification of the signature, genuineness of the transaction etc. The Assistant Branch Manager / Branch Manager shall then approve the transaction for reactivating the account.
- ❖ Transactions through channels other than branch like ATM, Net Banking etc will not be possible in a dormant account unless the account is reactivated as explained above.
- ❖ After the activation of account customer to do a financial credit transaction through Branch or through digital mode.

10. Unclaimed Deposits

An account shall be classified as unclaimed deposits if the same is not operated (other than interest credits and service charge debits) for 10 years and more from the date of last operation and a term deposit account shall be classified as unclaimed deposit if the same is not renewed/withdrawn after 10 years or more from the date of maturity.

- As per RBI Circulars DBOD No DEAF Cell BC 101/30.01.002/2013 – 14 dated 21.3.2014 and DBOD No DEAF Cell BC 114/30.01.002/2013 – 14 dated 27.5.2014, Reserve Bank of India has informed Banks that it has been decided to establish a “Depositor Education and Awareness Fund” (DEAF).
- As per the direction contained therein, Banks will have to transfer to the DEAF account, the amount to the credit of any account in India with a banking company which has not been operated upon for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years. The depositor would, however, be entitled to claim from the bank his/her deposit or any other unclaimed amount or operate his/her account after the expiry of ten years, even after such amount has been transferred to the Fund.
- Accordingly, Bank is transferring unclaimed deposits to Reserve Bank of India on a monthly basis and the list of deposits / accounts (as available from Core Banking Solutions) that are transferred to RBI have been displayed on the bank’s website. The website also carries a note informing customers that if their names are found in the list, they can approach the bank with the supporting claim and KYC documents.
- In tune with the directions of RBI, bank shall display the name and address of such depositors under “Home Page – Customer Service – Unclaimed Deposits” in our website ‘<http://www.dhanbank.com>’. If a depositor wants to know whether his/her name is available in the published list, he/she can ascertain the same through “search” option. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder’s name(s), his/her address (without pincode) and UDRN only. In case such accounts are not in the name of individuals, the search input and result shall include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch shall not be disclosed on the bank’s

website.

11. Fraud Risk Management in Inoperative Accounts

Bank shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in Point No.8. Unauthorised access to customer data pertaining to the inoperative accounts shall be strictly monitored. Adequate steps shall be taken to prevent data theft and related misuse for fraudulent purposes.

12. Unclaimed Deposits Gateway to Access Information (UDGAM)

Due to the increasing trend in the number of unclaimed deposits (transferred to DEA Fund of RBI after 10 years of inoperation), Reserve Bank of India has launched a Centralised Web Portal named as UDGAM (Unclaimed Deposits – Gateway to Access information) for the use of public to facilitate an easier utility to search their unclaimed deposits across multiple banks at one place. The launch of the web portal helps the users to identify their unclaimed deposits/ accounts and enable them to either claim the deposit amount or make their accounts operative at their respective banks. RBI has launched this project integrating banks including our Bank to facilitate the public to search the details of their unclaimed deposits, if any, in the Bank.

13. Process for Claim of Unclaimed Deposits

Claim from customers: Customer may approach the branch in which the account is maintained (base branch) and submit application for amount of unclaimed deposit along with the details of deposit (Passbook / FDR/any other documentary proof) and valid ID proof document. In case of other entities, claim has to be submitted in Company's letter head duly signed by authorised signatories along with valid ID proof.

Claim from Legal heir / Nominee: Legal heir / Nominee may approach the base branch and submit application for amount of unclaimed deposit along with the details of deposit (Passbook / FDR etc) and valid ID proof document along with the copy of the death certificate of Deposit holder and other relevant legal documents. Detailed process of the settlement of claim is mentioned in the Policy on Bank Deposit, Section 17: Settlement of Dues in Deceased deposit Account which may be referred in our website.

14. Interest rates payable on unclaimed interest-bearing deposit transferred to DEAF

The interest payable on interest bearing deposits transferred to RBI are at the rate of 4 per cent p.a. up to June 30, 2018, 3.5 per cent w.e.f. July 1, 2018 up to May 10, 2021 and at 3 per cent with effect from May 11, 2021 till the time of payment to the depositor/claimant.

15. Redressal of Complaints and Grievances

Depositors having any complaint / grievance on the services rendered by the Bank in this regard has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances.

The bank has got a grievance redressal policy, which is published in our website (Home Page – Bank Policies – Policy on Grievance Redressal). The details of the internal set up for redressal of

complaints / grievances will be available in the branches. 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 30 days from date of complaint or he is not satisfied with the response received from the Bank, he can approach the Banking Ombudsman appointed by the Reserve Bank of India.

16. Customer Awareness

Banks shall provide the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances at the branches and Bank's website. Necessary claim forms and documents shall be available for the benefit of customers. The banks shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

17. Policy Revision

This policy is subject to revision based on the extant RBI and IBA guidelines from time to time. Review of the policy will be carried out on an annual basis.

Annexure I**1. Financial Transactions**

- a) ATM/ Cash withdrawal/deposit
- b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- c) Internet Banking Transactions
- d) Debit Card Transactions
- e) Transfer of funds from / to the linked CBDC(e-Rupee) account
- f) Cheque Clearing
- g) Remittance of funds by way of demand drafts
- h) Cash withdrawal by third party through cheque
- i) Standing Instructions issued by the customer
- j) NACH Debit / Credits
- k) Term Deposit Interest / proceeds
- l) Dividend on shares/Interest on Debentures or any other investment proceeds
- m) Direct Benefit Transfer (DBT) credits
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits

2. Bank Induced Transactions

- a) All types of charges levied by banks including taxes deducted
- b) Savings Bank account interests