



DHANLAXMI BANK

POLICY ON DORMANT ACCOUNTS & UNCLAIMED DEPOSITS

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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 vide 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.

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 include (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. 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 proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest. The amounts lying in inoperative accounts ledger need to be properly audited by the internal auditors / statutory auditors of the bank.

4. Operational Procedure of classifying account as Dormant

- ✚ A letter will be sent to the respective account holders (including joint account holders) three months prior to the date of conversion to dormant status, intimating them about non operation of the accounts and requesting them to start regular operation of the account, failing which the Bank will be forced to classify the accounts as Dormant.
- ✚ The bank shall approach the customers and inform them in writing 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. 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.

- ✦ In case the whereabouts of the customers are not traceable, bank shall consider contacting the persons who had introduced the account holder. They could also consider contacting the employer / or any other person whose details are available with them. They could also consider contacting the account holder telephonically in case his telephone number has been furnished to the bank. In case of Non Resident accounts, bank may also contact the account holders through e-mail and obtain their confirmation of the details of the account.

- ✦ In case any reply is given by the account holder giving the reasons for not operating the account, bank shall 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, bank shall classify the same as dormant account after the expiry of the extended period.

- ✦ Bank shall make an annual review of those 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.

- ✦ Further, the segregation of the dormant accounts is from the point of view of reducing risk of frauds, record keeping and periodic review of accounts. 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. However, the entire process should remain un-noticeable by the customer.

5. 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 should approach the branch in which the account is maintained (base branch) and submit application, latest KYC documents and passport size photograph for reactivation of accounts.

- ❖ 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.

6. Unclaimed Deposits

- ✓ 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, we are 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.

7. Process for Claim of Unclaimed Deposits

When customers approach for claim of accounts, branches to follow the process mentioned below.

- Branch shall establish the identity of the customer
- Branch shall obtain Proof of Identity and Proof of Address as per Bank's KYC Policy (Officially Valid Documents)
- Branch to ensure that the customer is providing sufficient supporting documents (such as passbook, unutilized cheque leaves, deposit receipt, etc., as the case may be) towards the claim
- In case, the account holder has expired, the normal process of death claim settlement shall be applicable.

8. 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.

9. 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.
