



INOPERATIVE ACCOUNTS and UNCLAIMED DEPOSITS POLICY

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1. Introduction

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, Reserve Bank of India (RBI) has advised all the banks to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative for a considerable period. India Post Payments Bank (IPPB), hereafter referred to as "the Bank", is committed to adhere to RBI's guidelines in this regard. The 'Policy on Inoperative / Dormant Accounts and Unclaimed Deposits' shall be the guiding document for IPPB while dealing with such accounts.

2. Objective

This policy document is formulated with the view to provide the operating framework for classification and settlement of inoperative/dormant accounts and unclaimed deposits as mandated by the RBI.

This policy document shall also outline the framework for periodic review, record keeping and grievance redressal, with respect to such accounts.

3. Inoperative / Dormant Accounts

3.1. Classification

- 3.1.1. An Account (savings as well as current) shall be classified as Inactive if there are no customer induced transactions (both debit & credit) for a continuous period of 1 year
- 3.1.2. An account (savings as well as current) shall be treated as inoperative / dormant if there are no customer induced transactions (both debit & credit) in the account for a continuous period of 2 years.
- 3.1.3. Transactions initiated by third-party shall be considered as customer induced transactions as these are initiated at the instance of the customer.
- 3.1.4. However, levy of service charges and interest credited by the Bank on balance in savings account shall not be considered as customer induced transactions.
- 3.1.5. If the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank accounts as per the mandate of the customer, the same should be treated as a customer induced transaction. As such, the account should be treated as operative account as long as the interest on Fixed Deposit account and/or dividend on shares is credited to the Savings Bank account. The Savings Bank account can be treated as inoperative 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.' A different "product code" in CBS to shall be opened so that inoperative/dormant account due to non-operation does not affect while crediting proceeds as mentioned above.'

State and Central Governments have expressed difficulties in crediting cheques/Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students, etc. into accounts/Accounts with zero balance opened for the beneficiaries under various Central/State Government schemes but had been classified as dormant/inoperative due to non-operation of the account for over two years.

A different “product code” in CBS to shall be opened so that inoperative/dormant account due to non-operation does not affect while crediting proceeds as mentioned above.’

3.2. Review of accounts

- 3.2.1. The Bank will make an annual review of accounts in which there are no operations for more than one year. To ascertain the reasons for the same, the Bank will approach the customers and will request them to activate the account. In case the account is inactive on account of opening of another account by the customer due to relocation of the customer, the customer 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 letter sent by the Bank is returned undelivered, the Bank shall make all efforts to contact the customer through introducer (if any), employer (whose details may have been provided during account opening) or any other medium of communication as available.
- 3.2.2. In case the customer responds to the Bank, giving the reasons for not operating the account, the Bank shall encourage the customer to reactivate the account. The Bank shall continue to classify the account as an operative account for one more year. However, in case the account holder still does not operate the same during the extended period, the Bank shall classify the same as “Inoperative” account after the expiry of the extended period.
- 3.2.3. In case the customer is reported to be deceased, the Bank will try to reach out to legal heirs and get the death claim settled as early as possible.
- 3.2.4. All efforts shall be made to contact the customer before classifying the account as ‘Inoperative’. The guidelines on periodicity and procedure for such communication shall be framed by the Bank in accordance with applicable RBI’s guidelines.
- 3.2.5. All accounts where there have been no transactions for a continuous period of 24 months shall be marked as ‘Inoperative / Dormant account’.
- 3.2.6. The classification of account as ‘Inoperative / Dormant’ is to bring to the attention of dealing staff, the increased risk in operation of such accounts. The Bank shall take due care to ensure that this does not cause any inconvenience to the customers as and when they approach the Bank to operate such account.
- 3.2.7. The transaction in such account shall also be monitored at a higher level both from the point of view of preventing fraud and making a Suspicious

Transaction Report (STR). However, the entire process shall remain unnoticeable by the customer.

- 3.2.8. The Bank shall also ensure that the amounts lying in 'Inoperative' accounts are properly audited by the internal / statutory auditors of the Bank.

3.3. Payment of interest

- 3.3.1. The Bank shall continue to credit interest on the balance in the savings account on regular basis, even when the account is classified as 'Inoperative'.

3.4. Operation in an inoperative account

- 3.4.1. An account classified as 'Inoperative / Dormant' shall be re-classified as 'operative' on specific request of the depositor. However, operations in such deposit accounts shall only be allowed after conducting due diligence as per risk category of the customer. The Bank shall ascertain the genuineness of transaction, verification of signature (as applicable), identity, etc., in accordance with the Bank's KYC & AML Policy.
- 3.4.2. The Bank shall ensure that the customer is not inconvenienced as a result of extra precaution taken by the Bank.
- 3.4.3. The Bank may also consider launching a special drive for finding the whereabouts of the customers / legal heirs in respect of existing accounts which have already been transferred to the separate ledger of 'Inoperative accounts'.

3.5. Charges

- 3.5.1. The Bank shall not levy any charges for re-activation of an 'Inoperative' account.
- 3.5.2. The Bank shall also not levy penal charges for non-maintenance of minimum balances in any inoperative account. However, once such accounts are made operative, the levying of such penal charges will apply.

4. Unclaimed Deposits

4.1. Classification

- 4.1.1. An account in which there has been no customer induced transaction for a continuous period of 10 years shall be classified as 'Unclaimed deposits'.

4.2. Regulatory reporting

- 4.2.1. The Bank shall, within 30 days after close of each calendar year submit a return in the prescribed form and manner to the RBI 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.

4.3. Information dissemination

- 4.3.1. The Bank shall display the list of all unclaimed deposits on its website. For eligible records as and when effective the link for all unclaimed deposits can be made available in Bank's website. Currently not applicable to our bank as the ageing of accounts has not crossed 10 years. The list shall be updated annually provided,
- 4.3.2. The list shall contain only the name of the account holder and his / her address in respect of the unclaimed deposits. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts shall also be indicated. However, the name, address and account number of the depositor, type of account and the name of the branch shall not be disclosed on the Bank's website.
- 4.3.3. The list so published by the Bank on its websites shall also provide a 'Search' / 'Find' option to enable the public to search the list of accounts by name of the account holder.

4.4. Depositor Education and Awareness Fund

- 4.4.1. The RBI has established the 'Depositor Education and Awareness Fund' (DEAF) with respect to the unclaimed deposits wherein the banks are required to transfer the balance lying in 'unclaimed' deposits after they have remained 'inoperative' for 10 years
- 4.4.2. As required under the provisions of DEAF, the Bank shall calculate the cumulative balances in all unclaimed deposits accounts (and the interest accrued thereon) and transfer to DEAF the amounts becoming due in each calendar month on the last working day of the subsequent month.
- 4.4.3. The depositor shall, however, be entitled to claim from the Bank his / her deposit or any other unclaimed amount at any time, even after such amount has been transferred to DEAF.
- 4.4.4. The interest payable, if any, from DEAF on a claim shall accrue only from the date on which the balance in an account was transferred to the DEAF to the date of payment to the customer / depositor. No interest shall be payable in respect of amounts refunded by the DEAF, in respect of accounts / entries where no interest is / was payable by the Bank to its customer / depositor. The rate of interest, if any, payable on the principal amount transferred to DEAF shall be as specified by the Reserve Bank India from time to time.

4.5. Claims with respect to unclaimed deposit

- 4.5.1. The Bank shall provide on its website the information on process of claiming the unclaimed deposits and the necessary forms and documents for claiming the same.

- 4.5.2. To ensure that the claims are genuine, the Bank shall put in place additional operational safeguards from time to time.
- 4.5.3. The powers to approve the claims with respect to 'unclaimed deposits' shall be as per the authority defined under 'Delegation of Power'.

4.6. Record keeping

- 4.6.1. All unclaimed deposits are open accounts and shall be available in the Bank's system too. The account opening form and the KYC documents shall be kept in records by the Bank. After the claim amount is settled and the account is closed, the records thereof shall be kept for 10 years as per the Bank's record retention policy.

5. Grievance Redressal

5.1. Redressal of grievance

- 5.1.1. The Bank has a detailed 'Grievance Redressal Policy' to deal with all customer grievances / complaints. The policy provides an internal mechanism for grievance redressal in a reasonable and just manner.
- 5.1.2. Complaints / grievances related to inoperative accounts / unclaimed deposits shall also be dealt with in accordance with the said policy.
- 5.1.3. Depositors having any complaint / grievance with regard to services rendered by the Bank may approach authority(ies) designated by the Bank for handling customer complaint / grievances.
- 5.1.4. The details of the internal set up for redressal of complaints / grievances shall be displayed in the branch / CSP premises. The branch / CSP officials shall provide the required information regarding procedure for lodging the complaint.
- 5.1.5. In case the depositor does not get response from the Bank or he / she is not satisfied with the response received from the Bank, he / she may approach the Principal Nodal Officer.
- 5.1.6. In case the depositor does not get response from the Bank within 30 days from date of complaint or he / she is not satisfied with the response received, he / she may approach the Banking Ombudsman appointed by the RBI.

6. Policy revision

- 6.1.1. The policy will remain in force till further review and amendments / modifications by guidelines of RBI and the Board of Directors as and when necessary.
- 6.1.2. This policy shall undergo an annual review and approval process by the Board. If any change in this policy is subsequently approved, consequent upon any change in regulatory guidelines, market conditions, etc., such changes and approvals shall be deemed to be part of the policy until the policy and framework are comprehensively reviewed. All such interim changes shall be approved by the Board.

Effective Date
29th September, 2022.

Annexure I – Glossary

Term	Description
IPPB	India Post Payments Bank
RBI	Reserve Bank of India
CSP	Customer Service Point
KYC	Know Your Customer
AML	Anti-Money Laundering
DEAF	Depositor Education and Awareness Fund
CCSO	Chief Customer Service Officer

Annexure II – References

Sr. No.	Reference	Description
1	RBI Master Circular DBR No. Leg. BC. 21/09.07.006/2015-16, dated 1st July, 2015	Master Circular on Customer Service in Banks, consolidating the important instructions issued by RBI in the area of customer service up to June 30, 2014
2	RBI Notification DBOD. No. DEAF Cell.BC.101/30.01.002/ dated 21st March, 2014	Notification on 'Depositor Education and Awareness Fund (DEAF) Scheme' providing important instructions on treatment of funds in unclaimed deposits accounts