

2017-18



Policy on Unclaimed Deposits/Inoperative Accounts 2017-18

Version 5.0

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Policy on Unclaimed Deposits/inoperative accounts 2017-18

1. Introduction

The aim of this policy is to bring to the knowledge of customers the various features relating to classification of unclaimed deposits / inoperative accounts, keeping record of these accounts and review of such accounts periodically. This policy is also prepared taking into account of the inherent risk associated with the inoperative accounts and to take proactive steps to find out the account holders of inoperative accounts with an intension to make these accounts into operative and / or to settle the amount to the proper persons.

The objective of this policy is to establish a system of classification of inoperative accounts and the various steps to be taken by the bank to make the procedure simple and safe to the account holders to convert these accounts into operative accounts and / or to get the amount in these accounts.

2. Classification of inoperative accounts:

As per Reserve Bank of India guidelines, all current and savings bank accounts in which if there is no customer induced debit / credit transactions for over a period of 2 years then these accounts are classified as inoperative / dormant accounts in order to protect the interest of the depositors as well as the Bank. The banking software system will classify the accounts as dormant as per the above parameters on a daily basis and thereafter the system will not allow any debit / credit operation in these accounts. Bank is sending intimation letter by ordinary post to these customers about the change in status of their accounts.

3. Transactions / Mode of operations considered to keep an account as operative:

For the purpose of classifying an account as 'inoperative', the debit / credit transactions induced at the instance of customers as well as through third party are considered. However, the service charges levied by the bank or interest credited by the bank on Savings Bank account are not considered as transaction.

There may be instances where the customer has given a mandate for crediting the interest on Fixed Deposit account to the Savings Bank account and there are no other operations in the Savings Bank account. Since the interest on Fixed Deposit account is credited to the Savings Bank accounts as per the mandate of the customer, the same will be treated as a customer induced transaction and the account will be treated as operative account.

A transaction in any account is treated as 'Customer Induced' if it has been induced at the instance of customers as well as third parties. In FINACLE Application, an indicative list of 'Customer-induced Transactions' and 'Bank Induced Transaction' is as under:

Customer Induced Transaction	Bank Induced Transaction
a) ATM, Internet Banking Services, RTGS/NEFT. (b) FD proceeds/FD Interest crediting to SB/CA account (c) Standing Instructions (d) Cash/Transfer/ECS/Clearing - Inward/ Outward. (e) Sweep/ reverse sweep in operative account on account of Products like TMB Classic Salary SB Account/TMB Santhosh SB A/c etc.	(a) Bank Charges of any nature. (b) SB Interest Payment

4. Review of accounts not operated for more than One year:

We will play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

- i. We shall 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. We shall make an endeavor to approach the customers by informing 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 advised to provide the details of the new bank accounts to which the balance in the existing account could be transferred.
- ii. If the letters are returned undelivered, we shall make enquiry to find out the whereabouts of customers or their legal heirs in case they are deceased.
- iii. In case the whereabouts of the customers are not traceable, we will contact the employer or the person who had introduced the account holder, who may have details like Phone number, Mobile number and present address. We will also try to contact the account holder over phone in case his Telephone number / Mobile number has been furnished to the bank by the introducer. In the case of Non Resident accounts, we will contact the account holders through e-mail and obtain their confirmation of the details of the account.
- iv. In case reply is given by the account holder in writing giving the reasons for not operating the account, bank will continue the account as an operative account for one more year within which period the account holder may operate the account. However, in case the account holder still does not operate the same during the extended period, bank will classify the same as inoperative account after the expiry of the extended period.

5. Prior notice on classification of the account as Inoperative:

We are sending intimation letter on a daily basis to the customers whose accounts are going to be inoperative within 3 months and requesting them to put through a transaction (credit or debit) to keep the account active. The letter to respective account holder will be sent by post. In the case of joint account holders, we send intimation letter to all joint holders individually. Similarly we will send an SMS/e-mail advising about having classified the account as inoperative/dormant. We will not levy any charge merely because an account is inoperative/dormant.

6. Allowing operation in inoperative accounts:

The account holder should submit a letter to the Bank in person, along with the pass book for Savings Bank / Cheque book for Current Account, with the request to change the status of the account from 'Dormant to Active' indicating the reasons for not operating the account in the past. The account holder should also submit the following documents / records to the Bank for verification.

- Recent colour passport size photo – 2 copies.
- Copy of valid photo ID document.
- Copy of valid address proof documents.

We will not levy any charge for activation of inoperative account.

7. a) Definition for unclaimed deposits / inoperative accounts and Follow Up:

Operative Accounts:

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.

Term Deposits:

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.

In view of the increase in the amount of the unclaimed deposits year after year and the inherent risk associated with such deposits, we should play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

- a. The segregation of the inoperative accounts from the operative accounts is from the point of view of reducing risk of frauds etc. in such accounts. However, all efforts shall be made to ensure that the customer does not get inconvenienced in any way, just because his/her account has been rendered inoperative. The transaction shall be monitored at a higher level both from the point of view of preventing fraud and safeguarding customer's interest.

- b. Amounts lying in inoperative accounts shall be properly audited by the internal auditors/statutory auditors of the bank.
- c. 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 remain unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest.
- d. We display the name of account holders of unclaimed deposits accounts, which are inactive / inoperative for ten years or more on its Web Site preferably with FIND option.
- e. 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 account head 'inoperative accounts'.
- f. No charges are to be levied in inoperative accounts i.e. no charges for non-maintenance of minimum balance are to be levied in inoperative accounts and also, Incidental charges will not be levied once the account becomes inoperative after two years of no-operation in the account
- g. Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students etc

For 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 such accounts are not to be classified as dormant/inoperative due to non-operation of the account for over two years.

- h. Due diligence in allowing operations in Inoperative Accounts

In order to reduce the risk of fraud etc., in such accounts, while allowing operations in these accounts, due diligence should be exercised by ensuring the genuineness of transactions, verification of signature and identity, etc. However, it has to be ensured that the customer is not inconvenienced in any manner.

- i. Mandate of customers to credit dividend on shares

Where a customer has given a mandate for crediting dividend on shares to SB account and there are no other operations in the account, such account to be treated as an operative account as long as the dividend 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 dividend, provided there is no other customer induced transaction.

8. The Depositor Education and Awareness Fund Scheme, 2014 - Insertion of Section 26A of Banking Regulation Act, 1949:

In terms of announcement of Monetary Policy 2013-14 and pursuant to the enactment of the Banking Laws (Amendment) Act, 2012, Section 26A has been inserted in the Banking Regulation Act, 1949, which inter alia, empowered RBI to establish a Depositor Education and Awareness Fund (DEAF). Accordingly the DEAF Scheme, 2014 has been made operational. In terms of RBI guidelines, amounts outstanding in the following accounts remaining inoperative for 10 years and above are to be transferred to DEAF A/c of RBI along with interest wherever applicable.

- i. Interest bearing Deposit A/cs,
- ii. Non-Interest bearing Deposit accounts, and
- iii. Other Credit Items.

9. Status of Account after Transfer of funds to DEAF Account:

System will mark the account label as 'DEAF' – DEAF TRANSFERRED ACCOUNT. Branches / Departments can inquire the account label through ACM menu – Option '#' - Label Details. The accounts will have zero balance and will remain in open status. The accounts will have the same account number with status as “DEAF TRANSFERRED ACCOUNT” and remains with the Parent Branch only. The accounts can be viewed by Branches, but cannot operate in any manner.

10. Handling of Unclaimed Deposits/Inoperative Accounts that are inactive/inoperative for ten years or more and *Claim Procedure for the amount transferred to RBI DEAF Account:*

When the customer approaches the Branch for activating / claiming amount in Unclaimed Deposit / Inoperative Account the following procedure has to be followed by the Branches.

- Customer has to submit the claim form (as shown in the Annexure- A) along with the documents mentioned in the claim form.
- The Branch after satisfying itself regarding the identity of the account holder in respect of the Unclaimed Deposit / Inoperative Account has to record its sanction for activation / closure in the claim form. The claim form has to be signed by the Clerk, Officer and the Branch Head.
- The duly signed claim form has to be scanned and submitted to their respective Regional Office through E-Mail with a request to sanction / permit the claim.
- The Regional Office has to verify the claim and the Regional Manager has to record his permission in the claim form and forward the same by scanning

through E-mail to our Accounts Department, marking copies to their respective Branch and IT Department.

- In case the Account Holder is deceased, then the sanction letter of the appropriate authority sanctioning the death claim has to be scanned and sent to our Accounts Department along with other related forms for processing.
- After wards, HO Accounts Department will change the status of the Account from '**DEAF**' – **DEAF TRANSFERRED ACCOUNT** (i.e., unclaimed status) through menu UNCLTR by debiting the head “Customer Claim under DEAF Account” and then credit the eligible amount into the branch’s intersol account and communicate the same to the Branch.
- On receipt of the mail, Branch can activate / close / renew the account as per the existing procedure and as per the request of the claimant. Operations such as Closure of Deposits / Accounts and Changing of '**DEAF**' – **DEAF TRANSFERRED ACCOUNT** to Active has to be verified by **Branch Head** only.
- **The permission obtained from Accounts Department will be valid for that particular day only. Hence Branches should complete the process accordingly.**

Branches should exercise abundant caution at the time of activating / claiming an unclaimed deposit / Inoperative account and allowing operations in such accounts. 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.

While activating, Branches should ensure that fresh KYC documents are obtained, verified and all current information with regard to the customer like, address, Mobile number etc., are updated in Finacle.

As Unclaimed Deposits/In-operative accounts is a fraud-prone area, branches should take utmost care and exercise due diligence while ensuring the genuineness of the claim to avoid fraudulent transactions.

However, the customer should not be inconvenienced in anyway, just because his account has become inoperative.

11. Operations in Inoperative accounts/ unclaimed deposits

No instruments meant for credit to Inoperative account /unclaimed deposit account should be accepted. However the Funds, if any received through channels other than by way of instruments should be credited to 'Sundry Account – General' and the account holder should be contacted and requested to convert his inoperative account into an operative category.

In view of State and Central Governments having expressed difficulties in crediting cheques/Direct Benefit Transfer/Electronic Benefit Transfer/Scholarships for students, etc. into accounts 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 relaxation is made for such cases so that the stipulation of inoperative/dormant account due to non-operation does not apply, while crediting proceeds of Cheques / Direct Benefit Transfer / Electronic Benefit Transfer / Scholarships for students, etc

12. Interest on inoperative accounts:

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 interest as per the Bank's policy (SB rate of interest) on overdue term deposits.

13. Record Keeping

All the records pertaining to the accounts & amounts transferred to RBI DEAF Account should be preserved at parent branch as like as applicable for the existing account. The original beneficiary may any time demand the amount and at that time the branch should be in a position to retrieve those records. Once the accounts are claimed and closed, the records will be held for 10 years as per Bank's Record Retention Policy.

14. Procedures for claiming unclaimed deposits/inoperative accounts which are inactive / inoperative for 10 years or more:

We have displayed the list containing name and address of account holder(s) of unclaimed deposits/inoperative accounts which are inactive / inoperative for 10 years or more, on our website www.tmb.in, with FIND option. In that web page, there is a search option called "TMB Unclaimed Deposits Account Search" in which one has to enter the A/c Name, choose the State and enter the Security Code (CAPTCHA - Completely Automated Public Turing test to tell Computers and Human Apart) in the form meant for search. After doing this, the webpage will display all the accounts with name matching to the name entered within the state selected. In case any of the accounts information matches to the name of the unclaimed / inoperative account holder, he/she has to approach the concerned branch. To claim the said deposit/to activate the accounts/to close the account, the account holder can submit a letter as per Annexure along with the required documents, to the branch concerned.

In case the account holder is deceased, the legal heirs of the depositors can approach the branch concerned and obtain the required Death Claim application form to claim the amount.

The list displayed on website shall be updated at monthly intervals by Information Technology Department, Thoothukudi.

15. Payment of Interest to the Depositors / Claimants on the Interest bearing Unclaimed Deposits transferred to RBI DEAF Account:

In respect of unclaimed amount transferred to the Depositor Education and Awareness Fund (DEAF), we shall be liable to repay a depositor or any other claimant, claiming his deposit or unclaimed amount, at such rate of interest as may be specified by the Reserve Bank in this behalf. Where we have paid such amount or allowed operation of such account or deposit, we will apply for refund of such amount from the Fund. Reserve Bank specifies that the rate of interest payable by us to the depositors/ claimants on the unclaimed interest bearing deposit amount (SB and Term Deposit) transferred to the Fund shall be 4% simple interest per annum until further notice. The amount of interest payable in this behalf shall be calculated as under by rounding off the amount of interest to the nearest rupee.

“Illustratively if a bank transfers to the Fund on June 30, 2014 an amount of ₹10,000/- relating to savings bank account and subsequently repays the amount to the claimant on July 30, 2014, then the amount of interest at the simple rate of 4% per annum would be ₹ 33/- for 30 days (considering 365 days a year) and the total amount to be claimed as refund from the Fund would be ₹10,033/-.”

The interest payable from the Fund on a claim shall accrue only from the date on which the balance in an account was transferred to the Fund to the date of payment to the customer/depositor. The branch should mention the Interest amount calculated as above, in the claim proposal (as per Annexure B) to be submitted to RO.

Branches have to indicate the balance in the account in our Finacle system as on the date of transfer plus 4% interest applicable from the date of transfer to RBI to till the date of payment to the depositors / claimants in the claim proposal to be submitted to RO.

16. Redressal of complaints and grievances:

Account holder/depositor or legal heir of account holder/depositor having any complaint / grievance with regard to unclaimed deposits / inoperative accounts has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances for redressal. The branch officials shall provide all required information regarding procedure for lodging complaint. In case the Account holder/depositor or legal heir of account holder/depositor does not get response from the Bank within 30 days from the date of complaint or if he is not satisfied with the response received from the Bank, he can approach the office of Banking Ombudsman of the respective jurisdiction appointed by the Reserve Bank of India.

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Annexure –A

**REQUEST LETTER FOR ACTIVATING/CLAIMING AMOUNT IN UNCLAIMED
DEPOSIT/ INOPERATIVE ACCOUNT FOR 10 YEARS OR MORE**

Date:

From:**To:**

(Name/s and address* of the Account holder/s) The Branch Manager,
Tamilnad Mercantile Bank Ltd.,

Sir,

Ref: My/Our SB/CA/TD Account Number:_____**Sub: Activating/Claiming of the amount held under unclaimed deposit/Inoperative Account (DEAF Transferred Account)**

I/We were holding a Savings /Current / Term Deposit Account bearing number which was not operated / claimed on the due date, in view of the following reason for more than ten years:

.....

a) To evidence of having account with your Bank branch we submit the following: (Any one of the following should be submitted, which should have the account number and account holder's name)

1) Pass book /account statement 2) Cheque book (Un-used and/or counter foil of the used Cheque leaves 3) Counter foil for cash /Cheque remittance made to the account 4) Deposit receipt- in respect of claim towards Term deposit accounts

b) The old address at the time of account last operation and *present address is as under:

OLD ADDRESS	NEW ADDRESS AND MOBILE/PHONE No:

c) I am / We are submitting the following documentary evidences for proof of identity and proof of present address.

For proof of Identity: (Submit any one document copy along with original for verification)

1) PAN Card 2) Voter ID 3) Passport 4) Driving License 5) Ration Card 6) UID

For proof of address: (Submit any one document copy along with original for verification 1) EB bill 2) Telephone Bill 3) Bank acct statement 4) Letter from employer

d) I/We request you to activate the account/ pay the amount held under unclaimed deposit to me/us.

e) I/We are aware that if the claim amount is above Rs. 20,000.00 only account payee banker's Cheque/Demand draft will be issued in favour of the account holder/s.

(Signature /LTI of account holder/s **)

**Witness (i)

**Witness (ii)

Note: (i) In respect of the accounts held under joint names all the account holders' should sign and ID proof and address proof should be submitted for all of them.

(ii)** If the account holder/s is/are illiterate and LTI is affixed, that should be witnessed by two persons known to the bank.

(FOR OFFICE USE)**Date of Activation/Disbursement:.....**

- Verified the required evidences submitted by the claimant and found correct.
- Amount available to the credit of unclaimed deposit account: Rs.
- Amount paid to the account holder/s Rs.
- If the amount is above ` 20000 DD NO: Dated..... for
`issued in favor of

CLERK**OFFICER****BRANCH HEAD****Place:****Date:**

ANNEXURE - B

NAME OF THE BRANCH:

BRANCH NO:

DATE:

DEPOSITOR /CUSTOMER WISE DETAILS OF CLAIM

Sl. No	Name of the Depositor/ Customer	Type of Account Whether interest bearing/Non Interest bearing Deposits or Other Credits	Amount Originally Transferred to DEAF w r t the Depositors/ Customers	Date of Transfer to DEAF DD/M/YYY	Amount paid to Depositor/ Customer	Date of Payment of Amount at (6) to Depositor / Customer dd/mm/yyyy	Difference between Refund claimed from Fund and amount transferred to DEAF (6-4)	Rates of Interest Claimed from the Fund for Different periods	Period for which interest paid from the Fund on interest bearing unclaimed deposit transferred to DEAF No. of Years/Months/ Days(Give period corresponding to different rates of interest specified by RBI and indicate intervals at which interest is compounded)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

NOTE:

1) Column 4 Amount would be equal to Column 6 amount in respect of No-Interest bearing Deposits or Other Credits transferred to the Fund. Therefore Column (8),(9) and (10) would be NIL for such accounts. 2) In case of any claim for refund of part amount by the depositor whose unclaimed amount / inoperative deposit had been transferred to the Fund the branch shall claim the entire amount transferred to the Fund in respect of such depositor along with interest payable, if any, from the Fund. It is certified that the above claims have not earlier been made or received from the DEAF Fund.

Signature

Name of the Branch Head

Staff No.