
Credit Suisse AG, Mumbai Branch

Policy on Unclaimed Deposits & Inoperative Accounts

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Table of Contents

1.	Background
2.	Guidelines
3.	Processing Claim
4.	Conclusion
5.	Reference

Background

With reference to circular issued by Reserve Bank of India, with reference DBOD.No.Leg.BC.34 / 09.07.005/ 2008-09 dated August 22, 2008, banks were advised that deposit accounts which have not been operated upon over a period of two years should be segregated and maintained in separate ledger/s. Further, banks were also advised to ensure that they follow-up accounts which remained inoperative for a year or so by sending suitable advices to the customers and if the said 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 view of the inherent risk associated with such deposits, it had advised the banks to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative.

Guidelines

CSAG Mumbai branch would follow the instructions detailed below while dealing with unclaimed deposits and inoperative accounts:

1. A savings account or Current account will be treated as inactive if there are no transactions in the account for 12 months and will be turned to Inoperative/Dormant if there are no transactions for a period of 24 months. For the purpose of classifying an account as 'inactive or Dormant' both the type of transactions i.e. debit as well as credit transactions induced at the instance of the customers as well as third party should be considered. However, the service charges levied by the bank or interest credited by the bank are not considered transaction for this purpose. Incidentally, if the interest on Fixed Deposit account of the customer is credited to the Savings Bank account as per mandate of the customer, the same should be treated as customer induced transaction.
2. CSAG would make an annual review of accounts, as on 31st March, in which there are no operations (i.e. no credit or debit other than crediting of periodic interest or debiting of service charges) Ops would check the accounts as of every 31-Mar and report those accounts in case of finding no transactions during that financial year. CSAG would 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 would be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred.
3. If the letters are returned undelivered, those customers would be immediately put on enquiry to find out their whereabouts or their legal heirs in case they are deceased.
4. In case the whereabouts of the customers are not traceable, CSAG would make efforts to contact the persons who had introduced the account holder. CSAG would also contact the employer / or any other person whose details are available in the bank records. CSAG would also make efforts to contact the account holder telephonically or by email in case his telephone number / Cell number/ email id have been furnished to the bank.
5. In case any reply is given by the account holder giving the reasons for not operating the account, CSAG

Operations unit would obtain an approval from the Branch Operations Manager and accordingly, would continue classifying the same as an operative account for one more year within which period the account holder would be requested to operate the account. However, in case the account holder still does not operate the same during the extended period, CSAG would classify the same as inoperative account after the expiry of the extended period; and notify the client accordingly.

6. Further, the segregation of the inoperative accounts is from the point of view of reducing risk of frauds etc.. The transaction would 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 would remain unnoticeable by the customer.
7. Operation in such accounts would 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. However, it will be ensured that the customer is not inconvenienced as a result of extra care taken by the bank.
8. Operation in such accounts may also be allowed based on review and scenario as below:
 - Completely inactive / dormant relationship- Client is completely dormant or inactive across all his account relationships (all accounts): In such case, as part of the activation process, it is imperative to complete the KYC review of the client and ensure all KYC information including documents available with the bank are up to date. If all documents are within validity period, then confirmation from client of 'no change in KYC' to be obtained from clients' registered email ID or a written request. In the event the KYC information / documents are found to be changed / expired, fresh certified documents to be obtained from the client as per applicable CDD/ EDD procedure
 - Partially inactive / dormant relationship: In this scenario one of the accounts of the client is found active and operational, while others may be inactive / dormant (or vice versa). For such scenario, since client is having active relationship with the bank for at least one of his accounts, for activation purpose, a call back procedure to be followed to ascertain the genuineness of the transaction, verification of the signature and identity, However, it is also important to review the KYC periodic review date for such clients. If it is noted that the re-activation event is coinciding with the KYC Periodic Review date, then Bank can use this opportunity to complete the KYC periodic refresh either by obtaining no change confirmation from client (if KYC documents are found valid) or by obtaining fresh KYC documents (if documents have expired or changed).
9. There would not be any charge for activation of inoperative account.
10. CSAG would ensure that the amounts lying in inoperative accounts ledger are properly audited by the internal auditors / statutory auditors of the bank.
11. Interest on savings bank accounts would be credited on regular basis whether the account is

operative or not. With respect to Fixed Deposits, in absence of any client mandate for renewal on maturity, the Bank will auto renew the term deposit for the tenor it was originally placed at the interest rate prevailing at the time of maturity. In case of premature closure of such auto renewed deposits, the Bank will pay interest, reduced by percentage as specified in Deposit Rate Chart, at higher of savings bank rate of interest at the time of renewal or the term deposit rate at the time of renewal for the period the deposit was active.

12. CSAG would display the list of unclaimed deposits/inoperative accounts which are inactive / inoperative for ten years or more on its website. The list so displayed on the website would contain only the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts would also be indicated. However, the account number, its type and the name of the branch will not be disclosed on the bank's website. The list so published by the bank would also provide a "Find" option to enable the public to search the list of accounts by name of the account holder.
13. CSAG would also give on the same website, the information on the process of claiming the unclaimed deposit/activating the inoperative account & the necessary forms and documents for claiming the same. It will also ensure to have adequate operational safeguards to ensure that the claimants are genuine.
14. Depositor **Education and Awareness Fund (Fund), As per circular DBOD.No.DEAF Cell.BC.101/30.01.002/2013-14** dated March 21, 2014 and Depositor Education and Awareness Fund Scheme, 2014 (Scheme) banks shall calculate the cumulative balances in all accounts along with interest accrued, as on the day prior to the effective date, i.e May 23, 2014 and such amounts due to be transferred to the Depositor Education and Awareness Fund (Fund) on June 30, 2014. Subsequently, bank shall transfer to the Fund the amounts becoming due in each calendar month (i.e. proceeds of the inoperative accounts and balances remaining unclaimed for ten years or more) as specified in the Scheme and the interest accrued thereon on the last working day of the subsequent month.
15. In terms of paragraph 5 of the Scheme, banks shall, furnish returns duly audited to RBI in the form and manner prescribed.
- 16 Any complaint or grievance received from the customer will be addressed as per the guideline furnished in the Customer Grievance Redressal policy of the bank.

Processing Claim:

In case of any claim from the customers/Nominee/Legal heirs, the Bank will obtain latest KYC documents and request letter from the customer/claimant for claim and ensure genuineness of the same. Bank will take adequate operational safeguards to ensure that claimants are genuine. Bank will then send a letter to Nodal Division of DEAF cell as mentioned below, along with applicable documents duly attested by Branch Head to claim the amount transferred to DEAF:

Nodal Division	Claims related to	Details
Resource Mobilization Division [RMD]	Interest Bearing/Non-Interest Bearing Deposits	Application Form Copy of the claim request received from customer Copy of Deposit receipt/Passbook address page/last updated transaction page In absence of deposit receipt; Indemnity Bond Statement of account for the month of account transferred to DEAF In case of legal heirs, copy of the approval received from competent authority
Financial Management Division [FMD]	Other Credits (Unclaimed DDs, POs, Sundry Deposits)	Br.Code, Br.Name, DD or PO No., Amount, Copy of the DD or PO receipt or copy of the counter foil, Request letter from Party
IIBD	Forex Related Accounts	Br.Code, Br.Name, Request letter from Party, Account details, Amount etc.

On verification of the claim, RMD/IIBD shall recommend to HO-FMD to make the payment to Branch along with interest, if any, from the date of transfer to DEAF to date of payment to Branch. Branch must ensure that claim related to interest bearing deposits will be settled with customer without any delay.

Payment of interest on accounts transferred to DEAF while claim:

Parameter	Interest paid during account was inoperative/unclaimed till transfer to DEAF	Interest paid after transferring to DEAF
Current Account	Nil	Nil
Savings Bank Account	Savings Bank Interest Rate	As specified by RBI, time to time
Term deposits	From the date of maturity till transfer to DEAF, the customer will be eligible for interest for overdue period as per prevailing SB rate.	As specified by RBI, time to time.

Conclusion

CSAG would take all efforts 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'. This exercise will be conducted as on 31st March every year.

Reference

DBOD No.Leg.BC. 21/09.07.006/ 2014-15	01.07.2015	Master Circular on Customer Service in Banks
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DBOD.No.Leg.BC.34/09.07.005/ 2008-09	22.08.2008	Unclaimed Deposits – Inoperative Accounts in banks
DBOD.No. Leg.BC. 108 /09.07.005/2011-12	06.06.2012	Strengthening the Regulatory Framework for Unclaimed Deposits
DBOD. No.Leg.BC.53/09.07.005/2013-14	17.09.2013	Unclaimed Deposits/Inoperative Accounts in banks – Treatment of certain savings bank accounts opened for credit of Scholarship amounts and credit of Direct Benefit Transfer under Government Schemes