

Policy on Inoperative Accounts & Unclaimed Deposits.



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Document Control

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Glossary

S.No	Abbreviations/Acronyms	Explanation
01	ATM	Automated Teller Machine
02	CA	Current Account
03	CC	Cash Credit
04	CCR	Cash Certificate Receipt
05	CDR	Call Deposit Receipt
06	DBT	Direct Benefit Transfer
07	EBT	Electronic Benefit Transfer
08	ECS	Electronic Clearing Service
09	FD	Fixed Deposit
10	GL	General Ledger
11	KYC	Know Your Customer
12	NEFT	National Electronic Fund Transfer
13	RD	Recurring Deposit
14	RTGS	Real Time Gross Settlement
15	SB	Saving Bank
16	SOD	Secured Overdraft
17	TL	Term Loan

Definitions:

- (i) Bank induced transaction- Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes etc.
- (ii) Customer induced transaction- The transactions in account which are in the nature of:
 - (a) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party or;
 - (b) a non-financial transaction, or;
 - (c) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.
- (iii) Financial transaction- A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction.
- (iv) Inoperative Account- A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.

- (v)** Non-financial transaction- An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.
- (vi)** Unclaimed Deposits- The credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014.
- (vii)** Unclaimed Deposit Reference Number (UDRN) - It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

1. Introduction:

In view of the increase in the number of inoperative accounts and unclaimed deposits year after year and the inherent risks associated, Reserve Bank of India through Circular No DBOD.No.Leg.BC.108/09.07.005/2011-2012 dated: June 6, 2012, DBR.No DEA Fund .Cell.BC.66/30.01.002/2014-15 dated February 2, 2015 and DBR.No.Leg.BC.21/09.07.006/2015-16 dated July 1, 2015; RBI/2023-24/105 DOR.SOG (LEG).REC/64/09.08.024/2023-24 dated January 01, 2024 regarding: Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions, advised Banks to put in place a Board approved policy on classification of inoperative accounts / unclaimed deposits, grievance redress mechanism for quick resolution of complaints related to these accounts/deposits, record keeping and periodic review of such accounts. In compliance to these directives, this policy document lays down detailed guidelines for classification of inoperative accounts unclaimed deposits, procedure for activation of eligible inoperative accounts, settling claims against unclaimed deposits, review of inoperative accounts, grievance redress mechanism for quick resolution of complaints, record keeping, displaying list of inoperative accounts/unclaimed deposits on bank's website and delegation of powers for settlement of claims for such accounts.

2. Purpose of Classification:

The exercise of classifying accounts into inoperative/unclaimed category is a regulatory compliance and has the following purposes:

- i) The segregation of the accounts as inoperative accounts is to reduce the risk of frauds etc. However, the customer should not be inconvenienced in any way, just because his account has remained inoperative. The transaction in such accounts deserve to be monitored by Branch Manager. However, the entire process should remain un-noticeable by the customer.
- ii) To take periodic review of these accounts at corporate level and also making efforts to contact the account holder to ascertain the reasons for not operating his / her account and ensure activation of the account after due diligence as per risk category including KYC updation.

3. Definition of Inoperative Accounts:

A Savings as well as a Current Account would be treated as 'Inoperative Account' if there has been no 'Customer Induced Transaction' in the account for a continuous period of 24 months. (It is clarified that in CBS, Inoperative Accounts are labelled as 'Dormant Accounts')

- i) 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. Such transactions shall include both type of transactions i.e., debit as well as credit transactions done through normal as well as alternate banking channel. The classification of Inoperative/Unclaimed is not applicable to the accounts of beneficiaries receiving credits through (DBT/EBT & Scholarships) under various Central/State Govt. Schemes.
- ii) In FINACLE Application, an indicative list of 'Customer-induced Transactions' and 'Bank Induced Transaction' is as under:

Customer Induced Transaction	Bank Induced Transaction
<p>(a) ATM/ Cash withdrawal/deposit.</p> <p>(b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions</p> <p>(c) Internet Banking Transactions</p> <p>(d) Debit Card Transactions</p> <p>(e) Transfer of funds from / to the linked CBDC (e-Rupee) account.</p> <p>(f) Cheque Clearing</p> <p>(g) Remittance of funds by way of demand drafts.</p> <p>(h) Cash withdrawal by third party through cheque.</p> <p>(i) Standing Instructions issued by the customer.</p> <p>(j) NACH Debit / Credits</p> <p>(k) Term Deposit Interest / proceeds</p> <p>(l) Dividend on shares/Interest on Debentures or any other investment proceeds.</p> <p>(m) Direct Benefit Transfer (DBT) credits</p> <p>(n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.</p> <p>(o) National Electronic Toll Collection (NETC) debits.</p> <p>(p) Non-financial transaction- An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/</p>	<p>(a) All types of charges levied by banks including taxes deducted.</p> <p>(b) Savings Bank account interests.</p>

<p>mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.</p>	
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- iii) In cases where interest on Fixed Deposit account and Dividend on shares is credited to the Savings Bank account as per the mandate of the customer, the same shall be treated as a customer induced transaction. As such, the account should be treated as operative account as long as the dividend and interest on Fixed Deposits is credited to the Savings Bank Account. The savings Bank account can be treated inoperative account only after two years from the date of the last credit entry of the dividend and interest on Fixed Deposit account, provided there is no other customer induced transaction.

4. Definition of Unclaimed Deposits:

- i) **CASA Accounts (SB, CD etc.):**
 An account shall be classified as unclaimed deposits if the same is not operated (other than by interest credits and service charge debits) at least for 10 years from the date of last operation.
- ii) **Term Deposits (FD, RD etc):**
 A term deposit account shall be classified as unclaimed deposit if it is not renewed / withdrawn within 10 years from the date of its maturity.
- iii) **Loan accounts (CC, OD, TL etc):**
 A cash credit, secured overdraft, term loan, credit card or any other loan account shall be classified as unclaimed deposit if the account has credit balance and has not been operated upon at least for 10 years from the date of last operation.
- iv) **Amount Credited to any office account:**
 Any amount not owned by the bank (credit entry) credited to / parked in any office account remaining unclaimed for 10 years or more, which include:
- Margin money against issuance of Letter of Credit/Guarantee etc., or any security deposit;
 - Undrawn balance remaining in any prepaid card issued by bank but not amounts outstanding against Call Deposit Receipts, Travellers Cheques or other similar instruments, which have no maturity period;
 - Outstanding telegraphic transfers, mail transfers, demand drafts, pay orders, banker's cheques, sundry deposit accounts, gift cheques, credit, Nostro/vostro accounts, inter-bank clearing adjustments, unadjusted National Electronic Funds Transfer (NEFT) credit balances and other such transitory accounts, un-reconciled credit balances on account of Automated Teller Machine (ATM) transactions, etc.
 - Rupee proceeds of foreign currency deposits held by bank after conversion of foreign currency to rupees in accordance with extant foreign exchange regulations.

- (e) Such other amounts as may be specified by the Reserve Bank of India from time to time shall be classified as Unclaimed Deposits.

5. Performing of the Activity for Classifying the Accounts / Amounts as Inoperative/ Unclaimed.

- i) The classification of an account as inoperative shall be account specific and not customer specific. In case a customer is maintaining multiple accounts/ deposits with a bank, all such accounts/ deposits shall be assessed individually for the purpose of classification as inoperative account/ unclaimed deposit, as the case may be.
- (a) Inoperative SB/CD Accounts, except accounts under General Ledger Head 04120, shall be segregated from the 'Operative Accounts' and transferred to a separate General Ledger Sub Head/s 'Inoperative Accounts SB A/Cs' or 'Inoperative Accounts CD A/Cs'. Inoperative accounts having no transactions for 8 years shall be segregated from inoperative accounts and classified as Unclaimed SB A/Cs or Unclaimed CD accounts.
- (b) The State and Central Governments had expressed difficulties in crediting subsidy/pension/scholarships through cheques/ Direct Benefit Transfer/ Electronic Benefit Transfer/NEFT to EWS old age people and students, etc. under various Central/State Government schemes because accounts were being classified as dormant/inoperative due to non-operation for over two years. In order to overcome this issue, a new variant of Savings Bank Account BSBD (Basic Saving Bank Deposit) and Student Scholarship Savings Bank Account (GL Code 04120) have been created in compliance with RBI direction vide circular no DBOD.Leg.No.BC.53/09.07.005/2013-14 dated September 17, 2013. Accounts opened under GL Code 04120 would not be treated as 'Inoperative Account' even if there has been no 'Customer Induced Transaction' for a continuous period of 24 months as such no account from this GL subhead shall be transferred to a separate GL subhead 'Inoperative SB A/Cs', The existing Savings Bank accounts of such beneficiaries opened under any GL head can be transferred to GL Code 04120 on request of the account holder to avail the DBT benefit. However, accounts from this GL subhead having no customer induced transactions for 10 years shall be transferred to Unclaimed SB A/Cs / DEAF (Depositor Education and Awareness Fund).
- (c) Proceeds of Term Deposit accounts which remain unpaid / unclaimed for at least ten years from date of their last maturity shall be transferred to a separate General Ledger Sub Head classified as Unclaimed Term Deposit A/Cs. However SMS alerts should be sent to all such beneficiaries, at the time of maturity of term deposit and thereafter after every year, until ten years.
- (d) A cash credit, secured overdraft, term loan, credit card or any other loan account having credit balance and which has not been operated upon at least for 10 years from the date of last operation shall be transferred to a separate General Ledger Sub Head classified as Unclaimed Loan A/Cs.

The activity of Identification of operative SB / CD accounts (except accounts under GL Code 04120) having no operations for a period of 2 years to be transferred to in-operative GL – sub head. 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, banks shall classify the same as inoperative account after the expiry of the extended period. The inoperative accounts to Unclaimed GL sub – head has to be performed on daily basis by Branches. Appropriate option has been put in place by DC operations, so that branches generate reports for notifying the customers.

- ii) Branches will do data mining every quarter to extract following accounts for declaring them as unclaimed accounts:
Savings / Current accounts / Loan accounts having credit balance, , term deposit accounts, which have remained unpaid / unclaimed for at least ten years from the date of last maturity where no transaction has been made for the more than 10 years.
- iii) All branches / ECs shall ensure that any amount as mentioned at Para 4 (iv) (a to d) credited to / parked in any office account, not owned by the bank and remained unclaimed for 10 years or more, are to be transferred to the Unclaimed Amounts in Office Accounts A/C under No. 0993 01090 0000001 maintained at Corporate Headquarters, on monthly basis on the second last working day of every month. Branches shall capture the voucher details of the original entry / identification details in the Transaction Particulars Field, Reference field, or / and Remarks Field of the credit Part Tran.
- iv) All records e.g. Account opening forms, Specimen Signature Slips, vouchers, etc., of inoperative accounts / unclaimed deposits should be complete, segregated and properly maintained & kept safe with proper control measures as per bank's guidelines and the books of accounts pertaining to such accounts should be tallied.

6. Operations in Inoperative Accounts / Unclaimed Deposits.

- i) No customer induced transaction in inoperative / unclaimed accounts, either debit or credit, shall be allowed through any alternate channel including e-banking and mobile banking. The system will pop up an alert "Customer induced transaction to inoperative account/ unclaimed deposit", whenever such a transaction is attempted. Cheques presented in the account would be returned unpaid after assigning Reason "Account is Inoperative / Dormant".
- ii) Bank induced credit/ debit transactions shall be allowed at parent branch if the same are for debiting of service charges, etc or for crediting periodic interest.
- iii) Bank induced transactions for closure of inoperative accounts / unclaimed deposit shall be allowed.
- iv) If credit is received through any channel other than by way of cheque/cash deposit, the customer shall be contacted immediately to get his account activated so that the amount is credited to that a/c. In case bank is not able to contact the customer, the amount will be credited to sundry account and will be remitted to the customer as soon as the account is activated. In all the cases, where instrument is presented for credit or debit to the account, the account holder shall be contacted and requested to get his inoperative account upgraded to operative category. In all cases, care shall be taken that a customer shall not be put to any inconvenience just because his account has been rendered inoperative and the classification of the account is only to bring to the attention of the dealing staff, the increased risk in the account.

- v) All other transactions would be permitted in the account only after the account has been activated as 'Operative Account', after fulfilment of requisite formalities by the customer and approval by designated authority.
- vi) 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.
- vii) Branches shall ensure to process requests for activation of inoperative account/ unclaimed deposits on the same day of the receipt of the complete application.

7. Review/Monitoring of Inoperative Accounts:

- i) By running Menu option ACTSTAT through RPTGEN on daily basis, branches shall review 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. This procedure would serve the purpose of daily listing of accounts having no operations for a period of one year so that customers are informed in time and reasons of non-operation in the accounts, as advised by RBI, are ascertained for taking necessary corrective action. Service Operations Department shall send sms alert to all those customers whose accounts are in active category and no customer induced transaction has happened in the last one year. The message 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.
(Dear Customer,
Your A/C xxxxx has not been operated for last 1 year. You are requested to transact in the account to keep it operative and to avoid re-submission of KYC documents.
JK Bank)
Further, Service Operations shall also send e-mail and sms to Inoperative Account / Unclaimed Deposit holders on a quarterly basis.
(Dear Customer,
To activate your dormant A/C xxxxx you are requested to visit your nearest branch.
JK Bank)
On successful reactivation of any Inoperative Account, a SMS/ e-mail alert be sent to the account holders stating, 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.
(Dear Customer,
On the basis of KYC documents submitted, the inoperative status of your A/C xxxxx has been removed. If not done by you, kindly report at your nearest branch or call 1800 890 2122.
JK Bank)
- ii) Branches shall immediately send letters to the account holders, as per format provided in Annexure – I, intimating them about the status of their accounts. Such letter generation has also been facilitated in the Finacle Application under Menu Option "ACTSTAT", which enables the Branches to print the letters for all such accounts. The letters shall be delivered at the registered address of the customer as available in the Bank records. In case 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 original customer is deceased. In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the banks shall contact the introducer, if any, who had introduced the account holder

- to the bank at the time of opening of the account. The banks shall also contact the nominee, if registered, for tracing the customer.
- iii) 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.
 - iv) Branches shall follow the same procedure for intimating account holders as specified above for accounts that have remained inactive for 24 continuous months. However, letters to these customers shall be as per the format specified in Annexure – II. Finacle Menu Option “ACTSTAT” used for viewing the list of such accounts shall also be used for generating letters for these customers.
 - v) Supervision & Control & Audit Department, CHQ shall be responsible for ensuring proper review and follow up of inoperative accounts through concurrent audits wherever mandated and also through RBIA (Risk Based Internal Audits) once in a financial year. However, Branches Department shall review active CASA accounts, wherein there is no customer induced transactions for more than 1 year.
 - vi) The annual review of all inoperative accounts and unclaimed deposits shall be conducted by Branches Department CHQ and submitted to ACB & BOD through ORMC.
 - vii) Branches Department – CHQ shall on biannual basis (July & January) undertake special drives to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

8. Interest on Inoperative Accounts:

- i) Interest on saving bank account shall be credited on regular basis even if it is inoperative. If a Fixed Deposit Receipt matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract interest at rates applicable to saving bank accounts as per RBI Circular No. DBOD.No.Leg.BC.34/09.07.005/2008-09 dated: August 22, 2008. If there is a balance lying in current account standing in the name of a deceased individual depositor/sole proprietorship concern, interest should be paid only from 1st May, 1983, or from the date of death of the depositor, whichever is later, till the date of payment to the claimant/s at the rate of interest applicable to savings deposit as on the date of payment.
- ii) **Levy of penal charges for non-maintenance of minimum balance in Inoperative accounts:-**
As per regulatory directions banks are not permitted to levy penal charges for non-maintenance of minimum balance in any Inoperative account.

9. Activation of Inoperative Accounts:

- i) Account holder shall submit duly filled and signed Inoperative account/Unclaimed Deposits claim form (As per Annexure III), the latest and valid KYC documents in accordance with Bank's Policy on KYC Norms & AML Standards and the latest passport size photograph required for reactivation of the account at any of the Branches. Also, a nomination or fresh nomination, as the case may be obtained from the account holder.
For an unclaimed Term deposit (fixed deposit account), the term deposit holder shall besides above documents, submit original Term deposit receipt to the branch. If the original fixed deposit receipt is lost, he will have to apply for issuance of duplicate receipt in lieu of the original. For claim of non-individual accounts i.e., Partnership firms, trusts, Limited Liability Partnership firms, institutions, companies etc, claim form on the letterhead of Company/ firm/institution/Partnership/ Trust/Limited Liability Partnership, as the case may be, duly signed by the

authorized signatories and supported by a resolution to that effect (wherever required) be submitted to branch along with KYC documents of authorised signatory.

At the time of submission of claim, the original documents have to be produced for the purpose of verification at the branch in all the cases.

- ii) For activation of those inoperative accounts/ unclaimed deposits which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, adherence 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 is mandated.
- iii) Operation in inoperative accounts shall be allowed after the Branch makes due diligence as per risk category of the customer. Due diligence, inter alia, means ensuring the identity of the payee / customer based on latest KYC documents in accordance with Bank's Policy on KYC Norms & AML Standards (branches shall obtain latest address proof, identification proof, passport size photograph and profile), verification of the signature, verification of genuineness of the transaction, etc. Branch shall obtain written request from the account holder/s, fresh KYC documents in case same are not already provided or need to be updated and fresh signatures of account holder duly attested either by an officer of the bank or an account holder maintaining his/her account with the Branch for a minimum period of six months with satisfactory conduct.
- iv) In order to ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts and to prevent data theft and related misuse for fraudulent purposes, only authorized personnel within the branch – Hall/ Advance In charge and Branch Head shall have the system privileges for viewing Inoperative Accounts/ Unclaimed Deposits.
- v) After completion of required verification process and other prescribed formalities, activation of eligible accounts needs to be made by transfer of the account from Inoperative / Unclaimed GL- sub head to respective Operative GL- sub head. Transfer of account back to operative category shall be carried out once the claim is approved by the designated sanctioning authority. Delegation of powers in this respect are specified at Para 15.

This action needs to be initiated as under:-

For activation of account in ACM option:-

Any Banking Associate/Officer of the branch as maker and Hall In charge/Branch Head as checker.

For change of GL Subhead in TACBSH option:-

Branch Head/Hall In charge.

The holder of the account that has been made operational (Re-activated) should be sent letter of confirmation through Courier and the receipt thereof should invariably be taken on record.

Whenever a customer induced transaction is attempted in an account that has been made operational (Re-activated) either debit or credit, through any channel including e-banking and mobile banking, the system will pop an alert "Customer induced transaction to erstwhile inoperative account / unclaimed deposit account", whenever such a transaction is attempted up to the period of six months.

- vi) Claims from legal heir(s) / nominee in case of inoperative accounts / unclaimed deposits where the account holder/s is/are deceased shall be settled as per the

guidelines issued by the Bank on deceased account holders. Branches are required to have adequate operational safeguards to ensure that the claimants are genuine.

- vii) Bank shall not levy any charges for activation of inoperative accounts.
- viii) System logs shall invariably be maintained by Finacle, in case of any activity in or activation of inoperative accounts/ unclaimed deposits for concurrent audit purpose as per the internal guidelines of the bank.

10. Transfer of Unclaimed accounts / Amounts to Depositor Education and Awareness Fund (DEAF).

- i) The Depositor Education and Awareness Fund (Fund) was established by RBI under section 26A of Banking Regulation Act, 1949. Under the provisions of this section, the amount to the credit of any account in India with any bank 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 shall be credited to the Fund, within a period of three months from the expiry of the said period of ten years. The Fund shall be utilized for promotion of depositors' interest and for such other purposes which may be specified by RBI from time to time. The depositor would, however, be entitled to claim from the bank his/her deposit or any other unclaimed amount or operate his/her account even after such amount has been transferred to the DEA Fund. The bank would be liable to pay the amount to the depositor/claimant and claim refund of such amount from the Fund. Branches Department, CHQ shall be responsible for transfer of the entire amount to the Fund as specified in paragraph 4, including the accrued interest that the bank would have been required to pay to the customer / depositor as on the date of transfer.
- ii) DC Operations shall calculate the cumulative balances in all such accounts as specified in paragraph 4, as on the day prior to the effective date and transfer the amount to the Fund on the last working day of the subsequent month along with the interest accrued as specified in paragraph 8.
- iii) Bank is required to transfer to the Fund the amounts becoming due in each calendar month (i.e. balances remaining unclaimed for ten years or more) as specified in paragraph 4 and the interest accrued thereon as specified in paragraph 8 on the last working day of the subsequent month.
- iv) Branches/ECs/Offices shall preserve records / documents containing details of all accounts and transactions, including deposit accounts in respect of which amounts are required to be credited to the Fund; and preserve records / documents for a period of at least five years from the date of refund from the Fund in respect of those accounts where refund has been claimed from the Fund.
- v) Refunds and Interest:
 - (a) In case of demand notice / request from a customer / depositor whose unclaimed amount / deposit had been transferred to the Fund, Branch after completing KYC and verification formalities shall submit the claim to Branches Department CHQ which will subject to sanction from the hierarchy as per Para - 15) repay the amount the customer / depositor, along with interest, if applicable. The amount shall be paid by invoking Option UNCLTM sub option "C" which will automatically create a debit entry in DEAF Suspense for Unclaimed Account maintained at

Corporate Headquarters under No. 0993 29039 0000001 and the corresponding credit will be afforded to customer's SB/CD/CC/SOD account or Branch's Sundry Claims account / Sundry pointing account (in case claimant does not have a running account with J&K Bank). Thereafter, Branches Department CHQ will lodge a claim for refund from the Fund for an equivalent amount paid to the customer / depositor and on receipt of claim amount, it shall invoke UNCLTM sub option "S" which will automatically square off the corresponding entry in account No. 0993 29039 0000001.

- (b) The interest payable, if any, from the DEA 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.
- (c) Rate of interest, if any, payable on the principal amount transferred to the Fund shall be specified by Reserve Bank from time to time.
- (d) In case of a claim made for refund of foreign currency denominated deposit accounts, instruments or transactions specified in paragraphs 4. (iv), irrespective of whether the bank has paid the depositor / customer in Indian rupees or foreign currency, the bank can claim refund of the eligible amount from the Fund in Indian rupees only.
- (e) The branch shall claim the entire amount transferred to the DEA Fund in respect of such deposits along with interest payable, if any, from the Fund.
- (f) In case of any claim for refund of amount by the depositor whose unclaimed amount / inoperative deposit had been transferred to the Fund, the account (if it is a running account like SB, CD, CC, or SOD) will be revived and will become operative. If the claim is for an amount which has been transferred to DEAF by closing a Time Deposit account (accounts like FDR, CCR, RD, RD Plus, Child Care, Mehandi Deposit, Monthly Yield Deposit, Depositors Pension Plan etc) the original Time Deposit will not be revived and claimed amount will be paid to the claimant through his / her operative account (SB/CD/CC/SOD). In case the claimant does not have an account with J&K Bank, the amount will get credited to Sundry Claims Account (a pointing type account in the other liabilities Head) at the branch wherefrom it will be remitted to claimant vide RTGS / NEFT/Banker's Cheque.
- (g) In case of any claim for refund of amount by the depositor whose unclaimed deposit / inoperative deposit has been transferred to DEAF, the existing account will be revived and made operative. The branch shall through Branches Department CHQ claim the amount transferred to DEAF in respect of such depositor along with interest payable, if any, from the Fund.
- (h) Branches Department CHQ will consolidate the claims tendered by all the branches of the bank and shall claim reimbursement from the Fund on the last working day of the subsequent month (month succeeding to the month to which the claims pertain).
- (i) Branches Department CHQ shall furnish returns to Reserve Bank in the form and manner as mentioned time table:-

Returns	Schedule
Deaf Form I	Monthly basis

Deaf Claims Form III & IV	Monthly basis
Deaf Claim Form II	Monthly basis
Form III (certificate of reconciliation of balance)	Half yearly (Sept and March end)
Form IX	Yearly basis
Statutory Auditors Certificate	Yearly basis

- vi) The details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI shall be hosted and updated on the Bank's official website, regularly, at least on a monthly basis by Web Team in consultation with Service Operations. The database hosted on the website to provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/ entity. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder's name(s), his/her address (without pin code) and UDRN only. In case such accounts are not in the name of individuals, the search input and result should 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. Besides, Branches shall exercise caution and follow rules strictly whenever any customer approaches them regarding their accounts getting reflected on the website as inoperative/ unclaimed.

11. Verification of Transactions in Inoperative / Unclaimed Accounts:

It shall be the specific responsibility of Inspecting Officers to conduct 100 % verification of transactions in all unclaimed accounts after their transfer to active status. In case of Inoperative accounts, full check of accounts with a cut-off balance of Rs. 1.00 lakh and sample check of accounts below this limit shall also be done by inspecting officers. In order to assist Inspecting Officers in conducting this scrutiny, a report on all Inoperative / Unclaimed accounts transferred to active status during a particular period shall be made available by DC Operations.

KYC / AML Department is entrusted with the specific responsibility of monitoring transactions in these accounts for checking that there are no suspicious transactions, for a minimum period of two (2) years, from the date of activation of these accounts.

12. Audit of Inoperative Accounts / Unclaimed Deposits:

The amounts lying in inoperative accounts, reactivated inoperative accounts/ unclaimed deposits shall be properly audited by the concurrent / internal auditors / statutory auditors of the bank. The responsibility of ensuring full compliance shall be of Supervision & Control & Audit Department. On the date of transferring the amount to the DEA Fund, including payment of up-to-date interest accrued, if any, that has been credited to the deposit account till the date of transfer to the Fund and also other credits transferred to the Fund, the Branches Department CHQ shall maintain customer-wise details provided by the Business Units and verified by the concurrent auditor. Activation and transaction in unclaimed/inoperative accounts shall be part of the scope of the concurrent Auditor as envisaged in the Concurrent Audit Policy of the bank. Besides the concurrent auditor should also verify and

certify that, as per the bank's books, the returns have been correctly compiled by the bank in the monthly and yearly returns submitted to RBI. The above returns shall also be verified by the statutory auditors at the time of annual audit and an Annual Certificate shall be obtained from statutory auditors and forwarded to RBI, certifying that the returns have been correctly compiled by the bank.

13. Displaying list of “Inoperative Account / Unclaimed Deposits - 10 years or above” on Bank’s Website:

- i) As per regulatory guidelines, the list of inoperative accounts / unclaimed deposits which are inactive / inoperative for ten years or more is to be displayed by all banks on their websites. The list so displayed must contain only the names of the account holder(s) and his / her address. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts are also to be indicated. However, the account number, its type and the name of the branch are not to be disclosed on the bank's website. The list also must provide a “Find” option to enable the public to search the list of accounts by name of the account holder. Banks should also display and explain the process of claiming the unclaimed deposit/activating the inoperative account and the necessary forms and documents for claiming the same.
- ii) Branches Department CHQ shall update the bank's website with the list of unclaimed deposits/inoperative accounts which are inactive/ inoperative for ten years or more at least on a monthly basis by:
 - (a) Adding the names and address of the account holders whose deposits have been transferred to the Fund during the month/period.
 - (b) Deleting the names and address of account holders whose claim were admitted by the bank during the month/period. For this updation, the Branches Department need not wait for refund from the Fund.

14. Regulatory Reporting:

T&ISD Division has streamlined Finacle on following lines:-

- i. In compliance to Section 26 of the Banking Regulation Act, 1949 which, inter alia, provides that every banking company shall, within 30 days after close of each calendar year submit a return in the prescribed form and manner, to the Reserve Bank of India in respect of such accounts as on 31st December) in India which have not been operated for 10 years. The information on eligible Unclaimed deposits consolidated after following the above said procedure and on the basis of daily activity to be performed by Branches for their classification and transfer can be extracted by MIS Department and made available to Branches Department, CHQ, for their reference, record and verification. The information shall be, thereafter, submitted by Branches Department, CHQ on yearly basis to RBI and also got uploaded by them through DC Operations on Bank's web site.

- ii. In terms of Paragraph 5 of the DEAF Scheme, Branches Department shall furnish returns (Form I to Form V) duly audited to RBI in the form and manner prescribed. Forms annexed as Annexures IV to VIII.

15. Delegation of Powers:

- (i). Delegation of powers in respect of approving requests for activation of inoperative accounts shall be as under:

Sanctioning Levels	Limits for Balance outstanding in Inoperative Accounts
Banking Associate Maker Branch Head Checker (where there is only one Officer)	Upto Rs 1.00 lakh
Any Officer Maker Branch Head Checker	Upto Rs 10.00 lakh.
Cluster Heads	Upto Rs 50.00 lakh
Zonal Heads	Full Powers

For Politically Exposed Person (PEP)	
Cluster Head	Upto Rs.20.00 lacs
Zonal Heads	Full Powers

- (ii) Delegation of Powers for reclaiming unclaimed amount / deposit transferred to DEAF:-

Claim/s to be debited to DEAF Central Suspense Account by Branches Department CHQ subject to approval from the hierarchy as per the following structure:

Chief Manager/Incharge CBO Branches	Upto Rs. 5.00 Lakh
Assistant General Manager (CBO Branches)	Upto Rs. 25.00 Lakh
Deputy General Manager (CBO Vertical)	Upto Rs.50.00 Lakh
General Manager (CBO Vertical)	Full Powers

16. Grievance Redressal Mechanism:

For any complaint / grievance with regard to services rendered by the Bank, customers have a right to approach authority (ies) designated by the Bank for handling customer complaints/grievances. The grievance redressal officers for complaints regarding the normal day to day activities of the bank shall also be responsible for redressal of complaints regarding inoperative accounts / unclaimed deposits. Customer Care Department, CHQ shall ensure that these responsibilities are properly communicated to the designated officials and their names & contact numbers are also

displayed within the Branch premises. Customers can visit the Grievance Redressal link on website <http://www.jkbank.com> for lodging their complaints / sending feedback to the grievance redressal cell of the Bank. In case the complainant does not get response from the bank within a period of one month after the bank receives the complaint or if the complainant is not satisfied with the reply given by the bank, he has a right to approach to the internal ombudsman and thereafter banking Ombudsman appointed by Reserve Bank of India.

17. Customer Awareness:

- (i) Branches Department – CHQ shall ensure that the process of activation of Inoperative Accounts/ Unclaimed Deposits is updated on to the Bank’s website.
- (ii) Lead Bank – CHQ & Corporate Communication CHQ shall include the topic on 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 in all of their camps/ campaigns conducted.

18. Disclosure:

In addition to the internal circular of the policy on Bank’s Intranet, displaying of the main features of the policy on the Bank’s web portal shall be deemed to be adequate notice to the customers of the bank.

19. Ownership and Review of the Policy

The Ownership of the policy shall lie with Branches Department (CBO) CHQ and shall be subject to review after two years. Approved policy will remain in force till next review.

In case of exigencies and to be in line with regulatory/statutory guidelines the MD & CEO is empowered to approve changes /modifications/ amendments/ relaxations/ exemptions, if any, required to be made in the policy which shall be deemed to be part & parcel of this policy for operational purpose with immediate effect. A note regarding such amendments shall be placed before Board for information.



Annexures

ANNEXURE

Operational Procedures for Policy on Inoperative accounts and Unclaimed Deposits

- Any amount payable in foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the DEAF Fund be converted into Indian Rupees at the exchange rate prevailing on that date and in the event of a claim, the DEAF Fund shall be liable to refund only the Indian Rupees received by it with respect to such instrument or transaction.
- Only 2 categories viz., Inoperative and unclaimed deposits shall remain in FINACLE and removal of superfluous classification of Inactive and Dormant.
- No separate GL sub- head of Inoperative Term Deposits.
- DC operations shall extract information on all SB/CD accounts, except accounts under GL Code 04120, which are not having any operation for 2 years and transfer these accounts centrally, to separate Inoperative GL sub-head as a day end process.
- DC operations shall extract information on all SB/CD accounts, which are not having any operation for 10 years and transfer these accounts centrally to separate Unclaimed GL sub-head on month end.
- DC operations shall extract information on all CC/SOD/Term Loan/other accounts, having credit balance which are not having any operation for 10 years and transfer these accounts centrally to separate Unclaimed GL sub-head on month end.
- Branches shall extract information on all such amounts/credit entries (MSOIRP) bank and parked in office accounts which have remained unclaimed for 10 years or more and transfer these entries (one by one) to Unclaimed Amounts in Office Accounts A/C (0993 01090 0000001).
- DC operations shall extract information on all TD accounts, which are overdue for 10 years and transfer these accounts centrally to separate Unclaimed GL sub-head.