



INDRAPRASTHA SEHKARI BANK LTD.

REGD. OFF. : A-101, Wazirpur Group Indl. Area, Delhi-110052

Inoperative Accounts / Unclaimed Deposits Standard Operating Procedure.

1. Financial Transaction: A monetary transaction in the savings / current account of the customer with the bank either by way of credit or debit transaction. Financial transactions include:

- a) **Bank induced transactions** are financial transactions in the account initiated by the bank such as charges, fees, interest payments, penalties & taxes.
- b) **Customer induced transactions** are financial transactions either by way of a credit or debit transaction in the account initiated by or done at the behest of the account holder by the bank/third party, include:

- ATM/ Cash withdrawal/deposit,
- RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions,
- Internet Banking Transactions,
- Debit Card Transactions,
- Transfer of funds from / to the linked CBDC(e-Rupee) account,
- Cheque Clearing,
- Remittance of funds by way of demand drafts,
- Cash withdrawal by third party through cheque,
- Standing Instructions issued by the customer,
- NACH Debit / Credits,
- Term Deposit Interest / proceeds,
- Dividend on shares/Interest on Debentures or any other investment proceeds,
- Direct Benefit Transfer (DBT) credits.
- Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.,
- National Electronic Toll Collection (NETC) debits"

2.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 includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

3. Inoperative Accounts: 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.

4. 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.



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5. 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.

6. Review of Accounts: Bank shall undertake an annual review in respect of accounts, where there is no customer induced transactions for more than a year. Term deposit accounts, where the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account, shall also be reviewed in order to prevent such deposits from becoming unclaimed.

- a) Account/deposit holders shall be informed in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be.
- b) The alert messages 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.
- c) If the letters are returned undelivered or no response is received through registered email, an enquiry shall immediately be undertaken to find out the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.
- d) In case any response is received from the account holder giving reasons for not operating the account, such account shall continue to be classified as operative for one more year (extended period) and the account holder shall be advised to operate the account within the extended period of one year.
- e) In case the account holder still fails to operate the account, the bank shall classify the said account as inoperative account after the expiry of the extended period.
- f) Only customer induced transactions [as 1(b) above] shall be considered for the purpose of classifying an account as 'inoperative', and not bank induced transactions.
- g) In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.
- h) 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.
- i) Amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, shall be subjected to concurrent audit.

7. Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

- a) Contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis.



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- b) In case the whereabouts of the holder(s) of the inoperative account or unclaimed deposit are not traceable, contact the introducer, if any, who introduced the account holder to the bank at the time of opening the account. Also contact the nominee, if registered, to trace the customer.
- c) Undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts or unclaimed deposits.

8. Activation of Inoperative Accounts

- a) KYC for activation of Inoperative accounts/unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies can be undertaken at all branches;
- b) Stipulation of inoperative account shall not be applicable to accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes. Based on the purpose of opening of the account, branch shall segregate such accounts in CBS, so that the stipulation of 'inoperative' account is not applicable to those accounts due to their non-operation for a period of more than two years. While allowing operations in these accounts, the bank shall exercise due diligence as per extant instructions to avoid risks of frauds.
- c) Updated KYC guidelines such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc. shall be adhered to;
- d) Two-factor authentication shall be ensured for activation of inoperative account / unclaimed deposits in CBS. The banks shall ensure that activation of inoperative account / unclaimed deposits in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker).
- e) System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose.
- f) An email / SMS shall automatically be sent intimating the customer of activation of the inoperative / unclaimed account to alert the account holder against any possible fraudulent activity in his/her inoperative/unclaimed deposit account.
- g) Necessary operational safeguards shall be taken to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine.
- h) Activation process shall be completed within three working days from the receipt of the application and requisite documents.
- i) In the case of a deceased depositor, the prescribed procedure to claim amounts lying therein by a nominee or legal heir shall be followed.
- j) SOP shall be placed on website of the bank for reference of the customers/general public.
- k) Bank shall host 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 on its website, which shall be updated regularly, at least on a monthly basis.



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The database hosted on the website shall 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. However, the account number, its type, outstanding balance and the name of the branch shall not be disclosed on the bank's website.

9. Payment of Interest & levy of charges: Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not. No penal charge shall be levied for non-maintenance of minimum balances in account classified as an 'Inoperative' and no charges shall be levied for activation of inoperative accounts either.

10. Fraud Risk Management in Inoperative Accounts

- a) Debit transactions in an inoperative account shall not be allowed unless there is a customer induced activation as per procedure.
- b) In order to reduce risk of frauds, the Bank shall segregate Inoperative accounts. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (i.e. by Incumbents of the concerned branches) without the knowledge and notice of the customers and the dealing staff.
- c) Cooling-off period may be considered on reactivation with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the bank.
- d) There shall be no unauthorized access to customer data related to inoperative accounts.

All Incumbents at branches and Head Office shall ensure that these instructions are brought to the knowledge of all dealing officials to ensure meticulous compliance.
