

FEDERAL BANK

YOUR PERFECT BANKING PARTNER

POLICY ON BANK DEPOSITS

Revised on 12-01-2022

This policy on deposits outlines the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the deposit accounts. The document recognizes the rights of depositors and aims at dissemination of information with regard to various aspects of acceptance of deposits from the members of the public, conduct and operations of various deposits accounts, payment of interest on various deposit accounts, closure of deposit accounts, method of disposal of deposits of deceased depositors, etc., for the benefit of customers. It is expected that this document will impart greater transparency in dealing with the individual customers and create awareness among customers of their rights. The ultimate objective is that the customer will get services they are rightfully entitled to receive without demand.

While adopting these policies, the bank reiterates its commitments to individual customers outlined in ***Code of Bank's Commitment to Customers***. This document is a broad framework under which the rights of common depositors are recognized.

Table of Contents		
1	Overview	4
2	Types of Deposit accounts	4
3	Opening of Deposit Accounts	6
4	Operation of Accounts	11
5	Stop Payment Facility	13
6	Frequent dishonor of Cheque	14
7	Extension of Alternate Delivery Channels to Savings Bank & Current Deposit account holders	14
8	Payment of Interest	15
9	Premature Withdrawal/Closure of Term deposits	16
10	Insurance Cover for deposits	16
11	Loan against Deposits	17
12	Settlement of dues in deceased deposit account	18
13	Dormant/ Inoperative accounts	19
14	Unclaimed Deposits	21
15	Safe Deposit Lockers	22
16	Confidentiality of Customer Information	22
17	Redressal of Complaints and Grievances	22
18	Secured credit card based on Fixed Deposit	23

1. OVERVIEW

One of the important functions of the Banks is to accept deposits from the public for the purpose of lending. In fact, depositors are the major stakeholders of the Banking System. The depositors and their interests form the key area of the regulatory framework for banking in India and this has been enshrined in the Banking Regulation Act, 1949. The Reserve Bank of India is empowered to issue directives / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. The changes stipulated by RBI from time to time with respect to various policies related to KYC/operation of accounts /rules and procedures are applicable to all types of deposit accounts .With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate their own Policy on Deposits and to offer deposit products within the broad guidelines issued by RBI.

(See annexure for details of RBI circulars referred)

2. TYPES OF DEPOSIT ACCOUNTS

The deposit products/services offered by the Bank, though may be under different names, can be categorized broadly into the following types:

"Demand deposits" means a deposit received by the Bank, which is withdrawable on demand.

"Current Account" is a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount and will also include other deposit accounts which are neither savings deposits nor term deposits.

"Savings deposits" means a form of demand deposit, which is subject to restrictions as to the number and amount of withdrawals permitted by the Bank during any specified period as also restrictions on the eligibility to open such accounts.

"Recurring Deposits" means a form of deposit, which stipulates remittance of regular installments for a pre-fixed period at pre-fixed intervals by the customer. It forms part of term deposits. Period of recurring deposit can vary from 6 months to maximum period of 10 years. A recurring deposit will be due for payment on maturity date or one month after the date of payment of last scheduled installment, whichever is later.

"Term deposit" means a deposit received by the Bank for a fixed period withdrawable only after the expiry of the fixed period and includes deposits in which interest is reinvested. This includes flexi deposits, tax saving deposits, short term deposits and long term deposits.

"Non-callable deposits" for resident individuals. The product is primarily targeted at the interest conscious customer base. As is evident from the name, premature closure is not permitted. The customer in turn receives an enhanced interest rate. The rate would be a mark-up from the existing rates offered to other customers.

“Bulk Deposit” is referred as single Rupee term deposits of Rupees two crore and above for Scheduled Commercial Banks (excluding Regional Rural banks) and Small Finance Banks.

The banks shall maintain the bulk deposit interest rate card in their Core banking system to facilitate supervisory review.

The interest rates shall be uniform across all branches and for all customers and there shall be no discrimination in the matter of interest paid on the deposits, between one deposit and another of similar amount, accepted on the same date, at any of its offices. Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed

3. OPENING OF DEPOSIT ACCOUNTS

3.1. Savings Bank Accounts can be opened by eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time). Savings Bank Account can be opened for HUF in case it is not formed for carrying out any business.

Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts / Departments of Authority created by Government (Central or State), Limited Liability Partnership etc.

Term Deposits Accounts including recurring deposits can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts / Departments of Authority created by Government (Central or State) / Limited Liability Partnership etc.

NON-RESIDENT ACCOUNTS: As defined by FEMA, Non Resident Indian (NRI) means person resident outside India who is citizen of India or is a person of Indian origin. NRI may open following types of accounts. Non-Resident (External) account: Account can be opened in any form i.e. Savings, Fixed, Current, Recurring with the bank

3.2. The Bank offers “Pradhan Mantri Jan dhan Yojana (Basic Savings Bank Deposit Account”) as per the extant guidelines as laid down by the RBI from time to time. All branches offer this account to general public. Terms and conditions of this account is published & maintained on our website.

3.3. The Bank before opening any deposit account will carry out due diligence as required under “Know Your Customer” (KYC) guidelines issued by RBI Anti –Money laundering rules and regulations and or such other norms or procedures as per the Customer Acceptance Policy of the bank adopted by the Bank As per the latest statutory and due diligence requirements, the customer is required to provide an officially valid document (OVD) and PAN/forms as regulatory prescribed.

3.4. For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum balances to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain minimum balance in the account will attract levy of charges as specified by the Bank from time to time. For Saving Bank Account the Bank may also place restrictions on number of transactions, cash withdrawals, etc., for given period. Similarly, the Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate pass book, folio charges, etc. All such details, regarding terms and conditions for operation of the accounts and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

- 3.5. The Bank would provide, to the prospective depositor, all materials relevant to the opening of the account. The same will contain details of information to be furnished and documents to be produced for verification and or for record, it is expected of the Bank official opening the account, to explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he approaches for opening a deposit account.
- 3.6. The Bank shall obtain photographs of the depositors/account holders and those who are authorized to operate the accounts at the time of opening of all new accounts. The photographs should be recent. Bank may not insist for photograph in case of accounts of staff members (Single/Joint). However, photograph may be insisted upon in case the joint holder is not an employee/ existing customer.
- 3.7. In the Core Banking platform, Bank is allotting a customer id for each individual customer on the basis of Information and his/her photograph is also obtained. So when new accounts are opened in his/her name (single or joint), new Customer Information Form (CIF) and photograph need not be obtained from him/her as every individual customer is allotted a unique CIF id, unless there are other compelling reasons.
- 3.8. While opening current accounts, Bank shall follow the guidelines referred below:
- a) If the customer is not enjoying any credit facilities from banking system, current account can be opened without restrictions, subject to compliance of KYC norms and other due diligence.
 - b) If the customer is enjoying OD / CC facility from any bank, the process shall be as follows:
 - i. If credit facilities are less than ₹5 Cr from banking system, current account may be opened after obtaining an undertaking to the effect that customer will inform the bank when credit facilities from the banking system becomes ₹5 Cr or more.
 - ii. If credit facilities are ₹5 Cr or more, and if our bank is also a lender, and the bank has at least 10 per cent of the exposure of the banking system to that borrower, we may open current account.
 - iii. If credit facilities are ₹5 Cr or more, and if our bank is also a lender, and the bank has less than 10 per cent of the exposure of the banking system to that borrower, we may open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the bank that has at least 10 per cent of the exposure of the banking system to that borrower
 - iv. If credit facilities are ₹5 Cr or more, and if our bank is not a lender, we are not permitted to open the current account.
 - c) If customer is not enjoying OD / CC facility from any bank, but has other credit facilities, the process shall be as follows:
 - i. If credit facilities are less than ₹5 Cr from banking system, current account may be opened after obtaining an undertaking to the effect that customer will inform the bank when credit facilities from the banking system becomes ₹5 crore or more.

- ii. If credit facilities are ₹5 Cr or more, but less than ₹50 Cr, and if our bank is also a lender, we may open current account. However, if our Bank is not a lender, then opening of current account is not permitted and only a collection account can be opened.
- iii. If the customer enjoys more than ₹50 Cr and if we are not a lender, we shall not open current account. However,
 - iii-a) If our Bank is a lender and the escrow managing bank as decided by the lenders, we may open current account as escrow managing bank.
 - iii-b) If we are not escrow managing bank, but a lender, we may open collection account.
- d) **Operation in Collection accounts** - Funds shall be remitted from collection accounts to the escrow account at the frequency agreed between the bank and the borrower. Debits in the collection accounts shall be limited to the purpose of remitting the proceeds to the said escrow account. Further, the balances in such accounts shall not be used as margin for extending any non-fund based credit facilities.
- e) '**Exposure**' for the purpose of these instructions shall mean sum of sanctioned fund based and non-fund based credit facilities.

3.9. The Bank may open the following class of accounts, even if they are enjoying OD/CC limits from the Banking System

- a) RERA accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016 for the purpose of maintaining 70% of advance payments collected from the home buyers
- b) Nodal or escrow accounts of payment aggregators/prepaid payment instrument issuers for specific activities as permitted by Department of Payments and Settlement Systems (DPSS), Reserve Bank of India under Payment and Settlement Systems Act, 2007
- c) Accounts for settlement of dues related to debit card/ATM card/credit card issuers/acquirers.
- d) Accounts permitted under FEMA
- e) Accounts for the purpose of IPO / NFO /FPO/ share buyback /dividend payment / issuance of commercial papers/allotment of debentures/gratuity, etc
- f) Accounts for payment of taxes, duties, statutory dues
- g) Accounts of White Label ATM Operators and their agents for sourcing of currency
- h) Inter-bank accounts
- i) Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI
- j) Accounts opened under specific instructions of Central Government and State Governments
- k) Accounts attached by orders of Central or State governments/regulatory body/Courts/investigating agencies etc. wherein the customer cannot undertake any discretionary debits

- 3.10. OVD of minors and their guardians (natural/legal) is mandatory for opening minor accounts. In cases where the minor does not possess OVD, BSBDA small account shall be opened with an option to upgrade to normal account on submitting valid OVD. Separate introduction or certificate from head of the educational institution where the minor is studying is not required. Single/Guardian/ Joint mode of operation is permitted for minors of age 10 year and above. Guardian mode operation is mandatory for minors below the age of 10. While opening accounts in guardian mode, 'E or S' operation is not permissible. (Due to restrictions placed for Mother to act as natural guardian of a Hindu minor under section 6 of Hindu Minority and Guardianship Act, it is advisable to ensure that such accounts are always kept in credit). Fresh photographs and KYC documents shall be obtained for minors on becoming major. At that time it shall be ensured that Customer Due Diligence (CDD) documents as per the CDD standards are available with the Regulated Entities (REs). On attaining majority, the erstwhile minor should confirm the balance in his/her account and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian would be obtained and kept on record for all operational purposes. However, no overdraft will be granted to the minor. No Cheque will be provided wherever minors are operating the account by himself/ herself.
- 3.11. In addition to our conventional deposit products, we offer a variety of special value-added products and services thereby increasing product offerings and providing greater convenience for customers, such as higher rate deposit accounts for senior citizens. We offer Fed Flexi Smart Saver deposit for NRIs, which gives the convenience of variable monthly recurring deposit installments and special NR deposits with higher return by way of forward-booking of underlying foreign currency, known as Federal Rupee Plus. We also offer Millionaire Federal Savings Fund, a recurring deposit scheme which lets the customer choose a certain tenure and installment amount that will produce returns that will make a customer a "millionaire" upon successful remittances of installments. We have digital products like
- A) FedBook Selfie Lite which helps customers to open accounts instantly using the OTP based e-KYC. There is no need for the customer to do a physical KYC verification by the branch officials for activating the account. Accounts can be opened by customers who have their mobile number linked with Aadhaar and registered with UIDAI. These accounts are called minimum KYC accounts which can be instantly operated up to certain limits. Customers can instantly active Mobile Banking in such accounts. To avail the full benefits of banking, customers should complete their normal KYC within one year by visiting a branch of the Bank. There are regulatory restrictions on the transaction limits & balances till the customer completes full KYC.
- B) FedBook Selfie-- A mobile based SB account opening facility through FedBook, the first of its kind in India. This app facilitates customers to open accounts on their own by using their Aadhaar and PAN Card. At present it is offered to resident individuals using an Android or Apple smart phone. This is more of a lead management platform where customers can instantly get an account number which will be in inactive status and requires customer to do a physical KYC by visiting a branch for activation of the account.
- C) The account opening using OTP based e-KYC is now integrated into the mobile Banking platform, FedMobile.

D) With the introduction of Video Based customer identification process, the Bank has introduced Video Based Account Opening (VAO) where a customer can visit Bank's website and open an account instantly after completing OTP based e-KYC and then by face to face interaction with an official of the Bank through a video call. The customer can instantly activate Mobile Banking after the account is activated post completion of VKYC formalities. Customers will be able to choose their desired savings scheme while opening account through the Video KYC mode

E) Savings Accounts and Term Deposit accounts can be opened by customers through digital platforms provided by Fintech partners. This would serve as an additional distribution channel for the Bank. The key points in this regard are:

- a) All Fintech partners would be on-boarded in conformance with the requirements in the Bank's Policy for managing risks in Fintech partners.
- b) The products offered would be in accordance with and comply with all the Bank's existing policies and procedures.
- c) The banking facilities offered by the partners to the customers would be made through connection via APIs.

3.12. The Bank may at its discretion open deposit accounts other than Current Accounts for illiterate persons. The account of such person may be opened provided he/she calls on the Bank personally along with a witness who is known to both the depositor and the Bank. Normally, no Cheque book facility is provided for such Savings Bank Account. At the time of withdrawal/repayment of deposit amount and/or interest, the account holder should affix his/her thumb impression or mark in the presence of the authorized officer who should verify the identity of the person. The Bank should explain the need for proper care and safe keeping of the passbook etc. given to the account holder. The Bank official shall explain the terms and conditions governing the account to the illiterate person.

3.13. In order to facilitate access to banking facilities by visually challenged persons, bank shall offer banking facilities including Cheque book facility / operation of ATM/ locker etc., to the visually challenged as they are legally competent to enter into contracts. Bank shall offer all the banking facilities such as Cheque book facility including third party cheques, ATM facility, Net Banking facility, locker facility, retail loans, credit cards etc., to the visually challenged without any discrimination, if they agree to take the risks associated with availing these facilities and assume full responsibility for the losses, if any suffered by him/her as well as the bank on account of his/her availing such facilities. Opening and operation of such accounts shall be subject to special rules framed by the bank to protect the interests of the visually challenged customers.

- 3.14. Banking facilities may also be extended to sick/incapacitated/old persons who are unable to be physically present in the branch and too ill to put a signature. The customer maybe be allowed banking facilities if he can put a thumb impression/unable to put even a thumb impression. In case the customer is able to put a thumb impression it must be witnessed by two persons one of whom is an authorized employee of the bank. Where the customer cannot put a thumb impression, a mark can be obtained on the withdrawal form/Cheque which must be witnessed by two persons one of whom is an authorized employee of the bank. The customer may be asked as to who would be withdrawing the amount on the basis of the Cheque/ withdrawal form and such a person must be identified by two independent witnesses. The person withdrawing the amount should also furnish his signature to the bank.
- 3.15. "The National Trust for Welfare of persons with Autism, Cerebral Palsy, Multiple disabilities and Mental retardation Act 1999", provides for setting up of Local Level Committees who can issue Guardianship Certificate for the purpose of opening and operating accounts by legal guardians for persons with disability covered under the Act. Appointment of guardian is given in Form B (Form of confirmation of appointment of guardian) by the committee. Authenticity of Form B should be verified with Local Level Committee and the branch shall contact the Committee at periodic intervals to ensure the validity of guardianship. Branches shall ensure strict adherence to rules as applicable for opening of Savings Bank, Recurring Deposits and Term Deposits.
- 3.16. The Bank ensures that all account opening formalities are completed inside the branch premise or in case of necessity an authorized official is deputed to obtain the completed account opening forms along with photograph and other documents.
- 3.17. Nomination facility is available on all deposit accounts opened by the individuals including a sole proprietary concern account. Nomination can be made in favor of one individual only which may include a minor as well. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, thumb impressions are required to be witnessed by a third party (Signatures of Account holders need not be attested by witnesses). Nomination can be modified with the consent of account holder/s. Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, would receive the balance outstanding in the account as a trustee of legal heirs. The depositor will be informed of the advantages of the nomination facility while opening a deposit account. Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.
- 3.18. The regulatory guidelines require banks to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. Inability or unwillingness of a prospective customer to provide necessary information / details could result in the bank not opening an account. Inability of an existing customer to furnish details required by the bank to fulfill statutory obligations could also result in closure of the account after due notice(s) is provided to the customer.

3.19. Bank at its discretion will sanction sweep facility in savings and current accounts at applicable interest rates prevailing for respective tenure.

4. OPERATION OF ACCOUNTS

4.1. Accounts can be opened in single names or joint names; they can also be operated singly or jointly as per the instructions given at the time of opening the account or given/amended thereafter from time to time.

4.2. The Joint Account opened by more than one individual can be operated by any single individual or jointly by more than one individual. The mandate for operating the account can be modified with the consent of all account holders. The Savings Bank Account opened by minor jointly with natural guardian / guardian can be operated by natural guardian / guardian only.

4.3. The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

4.3.1. Either or Survivor: If the account is held by two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the survivor on death of anyone of the account holder

4.3.2. Anyone or Survivor/s : If the account is held by more than two individuals say, A, B and C, the final balance along with interest, if applicable, will be paid to the survivor on death of any two account holders. Similarly operation by 'former or survivor', 'Latter or survivor' etc. are also permitted. In the case of term deposits, such mandates will be applicable to or become operational only on or after the date of maturity of term deposits. This mandate can be modified by the consent of all the account holders

According to RBI, the joint account holder facility may be extended to all types of resident accounts including savings bank accounts. While extending this facility, the banks should satisfy itself about the actual need for such a facility and also obtain a declaration, duly signed by the non-resident account holder. RBI has allowed non-resident Indians (NRIs) to operate resident bank accounts on "either or survivor" basis. According to RBI, banks may include an NRI close relative in existing / new resident bank accounts as joint holder with the resident account holder on "either or survivor" basis, subject to fulfillment of a few conditions. Such accounts will be treated as resident bank accounts and will be subject to all the regulations applicable to a resident bank account. Cheques, instruments, remittances, cash, card or any other proceeds belonging to the NRI relative shall not be eligible for credit to this account.

Besides, the NRI relative shall operate such account only for and on behalf of the resident for domestic payment and not for creating any beneficial interest for himself. An NRI can be a joint holder in more than one account, if she/he is a close relative of all the resident bank account holders. If due to any eventuality, the non-resident account holder becomes the survivor of such an account, it shall be categorized as Non-Resident Ordinary Rupee (NRO) account according to the extant regulations.

The onus will be on the non-resident account holder to keep the bank informed to get the account categorized as NRO account and all such regulations as applicable to NRO account shall be applicable.

RBI has permitted NRIs/PIOs to open NRE SB accounts with resident close relatives on Former or Survivor(F/S) basis, wherein the first holder in the account should invariably be NRI/PIO.(Relatives as defined in Companies act ,2013).The resident survivor can operate the account only as a power of attorney holder during the lifetime of the NRI /PIO account holder

- 4.4. The bank may at the request of all the joint account holders allow addition or deletion of name/s of joint account holder/s if the circumstances so warrant or allow an individual depositor to add the name of another person as a joint account holder.
- 4.5. In case of addition/deletion of joint holders at the request of the account holder/s, the bank must take utmost care to suitably modify the specimen signatures of the operators in tune with the change in constitution of the account to avoid fraudulent operations.
- 4.6. At the request of the depositor, the Bank may register mandate / power of attorney given by him authorizing another person to operate the account on his behalf.
- 4.7. Unless otherwise instructed, term deposits other than recurring deposits will be automatically renewed for an identical period as that of the original deposit on the date of maturity.
- 4.8. Recurring deposits will not be automatically renewed. On maturity, the customer will be paid a lump sum amount which includes the regular, periodic investments and the interest earned on them and the maturity amount will be credited to the operative account of the customer. In case there is no such operative account, the proceeds will be transferred to 'overdue deposits' account. In the case of default in installments, nominal penal charge will be taken and the maturity amount will be reduced to the extent of defaulted amount and penal charge. Penal interest need not be collected if the customer is ready to remit the amount of installments equal to the total of defaulted installments in advance along with clearance of arrears

4.9. A statement of account will be provided by the Bank to Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of the relevant deposit scheme. Alternatively, the Bank may issue a Pass Book in lieu of statement of account to Savings Bank account holders.

4.10. Deposit accounts which include SB, CD and Term Deposit accounts may be transferred to any other branch of the Bank at the request of the depositor at no cost to the depositor. The account transfer form will be issued to the customer from the transferring branch or transferee branch with approval of the home branch on submission of passbook and other required documents as intimated by the branch officials.

5. STOP PAYMENT FACILITY

The Bank will accept stop payment instruction from the depositors in respect of Cheques issued by them. A customer or a person having authority to draw cheques shall submit a notice of stop payment of cheques. In case of joint accounts, partnership accounts, accounts of companies, associations, etc., where Cheque is drawn by either a joint account holder or one or more of the persons authorized by a resolution, a notice of stop payment in the proper manner by any one of authorized drawers or principal party or one among the principal parties who appointed the authorized drawers can be accepted. It shall be ensured that the instruction is clear, definite and unambiguous. In the same way, Customer may revoke a stop payment instruction. Customer shall submit the request in writing for revoking stop payment in the Home Branch of account or at the contact centre of the Bank. Charges as prescribed will be collected.

6. DISHONOUR OF CHEQUES AND ECS/NACH MANDATE

6.1. Dealing with frequent dishonor of Cheques and NACH mandate in Savings and Current accounts

6.1.1. If the number of cheques returns for the reason of insufficient funds reaches Three, Bank will issue a cautionary advice to the concerned constituent drawing his attention to the irregularity and consequential stoppage of cheque facility as well as closure of account, in the event of cheque being dishonored on fourth occasion on the same account during the financial year.

6.1.2. No cheque book will be issued if four Cheques are returned in a financial year for the reason of insufficiency of funds.

6.1.3. Also, if the cheque is returned four times in a financial year for the reason of insufficiency of funds, bank at its discretion will initiate steps to close the account, after giving 30 days' notice.

6.1.4. If the ECS/NACH debit mandate is failed 4 times in a financial year for the reason of insufficiency of funds bank at its discretion will initiate steps to close the account, after giving 30 days' notice.

7. EXTENSION OF ALTERNATE DELIVERY CHANNELS TO SAVINGS BANK & CURRENT DEPOSIT ACCOUNT HOLDERS

The Bank offers choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet banking and mobile banking inclusive of SMS banking facility and missed call banking. Wherever such electronic facilities are offered as a part of the basic account/ product, Bank will obtain confirmation from the customer for availing the facility.

8. PAYMENT OF INTEREST

- 8.1. Interest shall be paid on savings account at the rate and periodicity as decided upon by the Bank from time to time in conformance with the directives specified by Reserve Bank of India.
- 8.2. In terms of Reserve Bank of India directives, interest shall be calculated at quarterly intervals on term deposits and paid at the rate decided by the Bank depending upon the period of deposits. In case of monthly interest payment scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. The interest on term deposits is calculated by the Bank in accordance with the required regulatory norms and the rates are as displayed on the Bank's official website.
- 8.3. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed. All these details will be displayed in the Bank's website also.
- 8.4. When a term deposit is renewed on maturity, interest rate on renewed deposit for the period specified by the depositor as applicable on the date of maturity would be applied. If the deposit is not renewed automatically for any reason and if request for renewal of such deposit is received after the date of maturity, such overdue deposits will be renewed with effect from the date of maturity at interest rate applicable as on the due date, provided such request is received within 14 days from the date of maturity. In respect of overdue deposits renewed after 14 days from the date of maturity of the original term deposit, the deposit will be treated as fresh deposit from the date of renewal. The interest for the overdue period (from the date of maturity of original term deposit to date of renewal) will be at rate applicable for the relevant period ruling on the date of maturity of original deposit or date of renewal, whichever is less.
- 8.5. The Bank has statutory obligation to deduct tax at source if the total interest paid / payable on all term deposits held by a person exceeds the amount specified under the Income Tax Act. The Bank will issue a tax deduction certificate (TDS Certificate) for the amount of tax deducted. The depositor, if entitled to exemption from TDS can submit declaration in the prescribed format at the beginning of every financial year.

9. PREMATURE WITHDRAWAL/CLOSURE OF TERM DEPOSITS

9.1. The Bank on request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of deposit agreed upon at the time of placing the deposit, at a penalty prescribed by the Bank from time to time, which will be disclosed to the customer at the time of opening the deposit. In the case of a deposit account opened as either or survivor ,signature of both the account holders are required for premature closure of the account

9.2. In case the depositor desires to renew the deposit by seeking premature closure of an existing term deposit account, the bank will permit the renewal at the applicable rate on the date of renewal, provided the deposit is renewed for a period longer than or equal to the balance period of the original deposit. If the deposit is renewed in part, the renewal portion only will get the above benefit. While prematurely closing a deposit for the purpose of renewal, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate. A bank, on request from the depositor, shall allow withdrawal of a term deposit before completion of the period of the deposit agreed upon at the time of making the deposit. However, the bank, at its discretion, may disallow premature withdrawal of large deposits held by entities other than individuals and Hindu Undivided Families (HUFs). The interest rates applicable on term deposits withdrawn before the maturity date shall be as under:

- Interest shall be paid at the rate applicable to the amount and period for which the deposit remained with the bank and not at the contracted rate.
- No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period applicable for the deposit scheme.
- The bank has the freedom to determine its own penal interest rate in respect of premature withdrawal of term deposits. The bank ensures that the depositors are made aware of the applicable penal rate along with the deposit rate

10. INSURANCE COVER FOR DEPOSITS

All bank deposits are covered under the insurance scheme offered by Deposit Insurance and Credit Guarantee Corporation of India (DICGC) subject to certain limits and conditions. The details of the insurance cover in force will be made available to the depositor. Protection cover is extended to deposits such as savings bank, current, term and recurring deposits except:

- a) Deposits of foreign Governments
- b) Deposits of Central/State Governments
- c) Inter-bank deposits
- d) Deposits of the State Land Development Banks with the State co-operative bank
- e) Any amount due on account of and deposit received outside India
- f) Any amount, which has been specifically exempted by the corporation with the previous approval of Reserve Bank of India

11. LOAN AGAINST DEPOSITS

The Bank may consider request of the depositor/s for loan against term deposits (AAD-Advance against Deposit, AAS-Advance against approved securities like NSC, KVP, etc.) / overdraft facility against term deposits (Federal Easy Cash Scheme)). Such loans or overdrafts are provided on execution of necessary security documents. The Bank may also consider loan against deposit standing in the name of minor, however, a suitable declaration stating that loan is for the benefit of the minor, is to be furnished by the depositor – applicant and bank is convinced of the bona fides of the request. The detail of the term deposit against which the loan/advance is being availed is to be clearly mentioned in the application for Advance against Approved Securities. Signature of all joint holders to be obtained in the case of term deposit/s opened in joint names. AAD/OD against deposit can also be opened/closed through electronic services like FedMobile (Mobile Banking), FedNet(Net Banking) etc. .Here only the User ID and password for the facility are required. The amount will be credited to the operative account of the account holder.

12. SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT

- 12.1. If the depositor has registered nomination with the Bank, the balance outstanding in the account of the deceased depositor will be transferred to the account of / paid to the nominee after the Bank satisfies about the identity of the nominee, etc. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- 12.2. In a joint deposit account, when one of the joint account holders dies, the Bank is required to make payment jointly to the legal heirs of the deceased person and the surviving depositor(s). However, if the joint account holders had given mandate for disposal of the balance in the account in the forms such as either or survivor, former / latter or survivor, anyone of survivors or survivor; etc., the payment will be made as per the mandate to avoid delays in production of legal papers by the heirs of the deceased.
- 12.3. In the event of death of both/all joint accountholders where there is no registered nomination, the balance outstanding will be paid jointly to the legal heirs (or any of them as mandated by all the legal heirs)
- 12.4. In the absence of nomination and when there are no disputes among the claimants, the Bank will pay the amount outstanding in the account of deceased person against joint application and indemnity by all legal heirs or the person mandated by the legal heirs to receive the payment on their behalf without insisting on legal documents up to the limit approved by the bank's board.
- 12.5. In the event of death of the depositor before the date of maturity of deposit and amount of the deposit is claimed after the date of maturity, the Bank shall pay interest at the contracted rate till the date of maturity. From the date of maturity to the date of payment, the Bank shall pay simple interest at the applicable rate as on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity. If the deposit is closed before the maturity date, interest on the deposit for the period it has remained with the bank will be paid at the rate applicable to the period for which the deposit remained with the bank and not at the contracted rate upon request from survivors/Nominee to the deposit.
- 12.6. However, in the case of death of the depositor after the date of maturity of the deposit, the bank shall pay interest at savings deposit rate for the maturity value from the date of maturity till the date of payment.

13. DORMANT/INOPERATIVE ACCOUNTS

13.1. An account shall be classified as “dormant” if an account is inoperative for a period of 24 months. Bank will pursue the following procedure for classification of accounts as dormant accounts.

13.1.1. A savings as well as current account should be treated as dormant if there are no customer induced transactions in the account for over a period of two years.

13.1.2. For the purpose of classifying an account as “dormant” both the type of transactions i.e. debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, the service charges levied by the bank or interest credited by the bank should not be considered.

13.1.3. Periodic interest if any shall be credited to the dormant accounts.

13.1.4. Periodical debit or credit of interest and debiting of service charges by the Bank will not be construed as a customer-induced transaction. However, Interest on Fixed Deposit account credited to the Savings Bank account and standing instructions (Debit) executed in the accounts shall be treated as a customer induced transaction.

13.1.5. 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 savings bank rate of interest.

13.2. Operational Procedure of classifying account as Dormant

13.2.1. An intimation will be given to the respective account holders (including joint account holders) three months prior to the date of conversion to dormant status, intimating them about non operation of the accounts and requesting them to start regular operation of the account, failing which the Bank will be forced to classify the accounts as Dormant

13.2.2. The bank shall 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 may be asked to provide the details of the new bank accounts to which the balance in the existing account could be transferred. If the 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.

13.2.3. In case the whereabouts of the customers are not traceable, bank shall consider contacting the persons who had introduced the account holder. They could also consider contacting the employer / or any other person whose details are available with them. They could also consider contacting the account holder telephonically in case his telephone number has been furnished to the bank. In case of Non Resident accounts, bank may also contact the account holders through e-mail and obtain their confirmation of the details of the account.

13.2.4. 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, bank shall classify the same as dormant account after the expiry of the extended period.

13.2.5. Bank shall make an annual review of those 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.

13.3. Revival of Dormant accounts

13.3.1. Operation in dormant accounts shall only be allowed after due diligence as per risk category of the customer. Due diligence means ensuring the identity of the payee/customer based on latest KYC documents (branches shall obtain latest address proof, id proof, passport size photograph and profile), verification of the signature, genuineness of the transaction etc.

13.3.2. Customer need to approach any branch of the Bank and submit application, latest KYC documents and passport size photograph for reactivation of accounts.

13.3.3. Bank shall ensure that the customer is not inconvenienced as a result of extra care taken by the bank.

13.3.4. No charges will be levied to the customer for re-activation of the dormant account.

13.3.5. When a financial transaction is sought to be carried out in a Dormant account, due diligence of the account as per the risk category of the customer shall be first carried out by the branch. Due diligence means ensuring the identity of the payee/customer based on latest KYC documents (branches shall obtain latest address proof, id proof, passport size photograph and profile), verification of the signature, genuineness of the transaction etc. The Principal Officer of the branch shall then approve the transaction for reactivating the account. Transactions through channels other than branch like ATM, FedNet, and Telebanking etc. will not be possible in a dormant account, unless the account is reactivated as explained above.

14. UNCLAIMED

RBI had established guidelines for a mechanism for periodic transfer of unclaimed deposits to Depositor education and awareness fund scheme (DEAF) as well as settlement of refund claims related to inoperative accounts. Bank will display the list of unclaimed deposits/inoperative accounts which are inactive/ inoperative for ten years or more on the website. As per the RBI guidelines, the list so displayed on the website contains will contain the names of the account holder(s) and his/her address in respect of unclaimed deposits/inoperative accounts, etc. The main objective behind framing of a policy for Inoperative accounts is to reduce the risk of frauds, also enabling record keeping and periodic review of these accounts.

The process for claim of unclaimed deposits is detailed below-

- 14.1. 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. 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.
- 14.2. In tune with the directions of RBI, bank shall display the name and address of such depositors under "Useful links – Details of unclaimed deposits menu" in the website [https:// www.federalbank.co.in](https://www.federalbank.co.in). If a depositor wants to know whether his/her name is available in the published list, he/she can ascertain the same through "search" option.
- 14.3. Claim from Customers - Customer may approach the branch in which the account is maintained (base branch) and submit application for amount of unclaimed deposit along with the details of deposit (Passbook / FDR/any other documentary proof) and valid ID proof document. In case of other entities, claim has to be submitted in Company's letter head duly signed by authorized signatories along with valid ID proof.
- 14.4. Claim from Legal heir / Nominee - Legal heir / Nominee may approach the base branch and submit application for amount of unclaimed deposit along with the details of deposit (Passbook / FDR etc.) and valid ID proof document along with the copy of the death certificate of Deposit holder and other relevant legal documents. For detailed process Section 10: Settlement of Dues in Deceased deposit Account may be referred.
- 14.5. At the time of submission of claims the original documents have to be produced for the purpose of verification at the branch.
- 14.6. Bank shall repay the customer/depositor along with interest if applicable and lodge a claim for refund from the Fund for an equivalent amount paid to the depositor.
- 14.7. Customers can approach the base branch along the latest KYC details (photo affixed CIF, id proof and address proof) and request for reactivating the account. Bank has framed a procedure for this, the details of which can be had from branches.

15. SAFE DEPOSIT LOCKERS

This facility is not offered through all bank branches and wherever the facility is offered, allotment of safe deposit vault will be subject to availability and compliance with other terms and conditions attached to the service. Safe deposit lockers may be hired by an individual (being not a minor) singly or jointly with another individual(s), HUFs, firms, limited companies, associates, societies, trusts etc. Nomination facility is available to individual(s) holding the lockers singly or jointly. In respect of lockers held in joint names, up to two nominees can be appointed. Joint locker holders can give mandate for access to the lockers in the event of death of one of the holders on the lines similar to those for deposit accounts. In the absence of nomination or mandate for disposal of contents of lockers, with a view to avoid hardship to common persons, the bank will release the contents of locker to the legal heirs against indemnity on the lines as applicable to deposit accounts.

16. CONFIDENTIALITY OF CUSTOMER INFORMATION

16.1. Customer Information: The customer information collected from the customers shall not be used for cross selling of services or products by the Bank, their subsidiaries and affiliates. If the Bank proposes to use such information, it should be strictly with the consent of the accountholder.

16.2. Secrecy of Customer's Accounts: The Bank shall not disclose details / particulars of the customer's account to a third person or party without the expressed or implied consent from the customer. However, there are some exceptions, viz. disclosure of information under compulsion of law, where there is a duty to public to disclose and where interest of the Bank requires disclosure.

17. REDRESSAL OF COMPLAINTS AND GRIEVANCES

17.1. The bank has got a grievance redressal policy, which is published in our website. Depositors having any complaint / grievance with regard to services rendered by the Bank has a right to approach authority (ies) designated by the Bank for handling customer complaint / grievances. The details of the internal officers set up for redressal of complaints/grievances will be available in the branches. The branch officials will provide required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 30 days of lodging a complaint with us or is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by Reserve Bank of India

18. SECURED CREDIT CARD BASED ON FIXED DEPOSIT

18.1. A Secured credit card against Term deposit will be issued to a customer in exchange for a term deposit that he pledges as a security for the card. The credit limit of a secured credit card will be decided based on the criteria's set by the bank for secured credit cards. The Cardholder shall be required to place the term deposits in the manner specified and upon execution of the relevant documents as specified by the Bank from time to time. Upon issuance of the Credit Card, Bank shall mark a lien on the entire amount of the term deposit amount. In the event of cancellation of the Card by the Cardholder or the Bank, the lien on term deposits linked to Credit Card would be released after adjusting of dues by the Cardholder.

Annexure 1

Reference circulars from RBI

- Master Circular on Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts-RBI/2015-16/39--DBR.No.Dir.BC.7/13.03.00/2015-16 dated 1.7.2015
- Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder'--RBI/2015-16/108 DNBR (PD) CC No. 051/03.10.119/2015-16 dated 01.07.2015
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016--Master Direction DBR. Dir. No.84/13.03.00/2015-16 dated 03.03.2016
- Master Direction - Know Your Customer (KYC) Direction, 2016--RBI/DBR/2015-16/18 Master Direction DBR.AML.BC.No.81/14.01.001/2015-16 dated 25.02.2016 (updated as on 06.12.2016)
- Master Direction - Deposits and Accounts--RBI/FED/2015-16/9 FED Master Direction No. 14/2015-16 dated 01.01.2016 (updated as on 23.06.2016)
- The Depositor Education and Awareness Fund Scheme, 2014 –Section 26A of Banking Regulation Act, 1949--RBI/2013-14/614DBOD.No.DEAF Cell.BC.114/30.01.002/2013-14 dated 27.05.2014
- RBI Circular - Opening of Current Accounts by Banks - Need for Discipline- RBI/2020-21/20-DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020

More details on each of the schemes are made available in our website www.federalbank.co.in