



POLICY ON BANK DEPOSITS

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Notice to the Reader

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 (small depositors in particular) 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. Detailed operational instructions on various deposit schemes and related services will be issued from time to time separately.

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Table of Contents		
Sl No.	Topics	Page No.
1	Preamble	4
2	Types of Deposit accounts	4
3	Opening of Deposit Accounts	5
4	Operation of Accounts	10
5	Stop Payment Facility	12
6	Dishonor of Cheque and NACH Mandate	13
7	Extension of Alternate Delivery Channels to Savings Bank & Current Deposit account holders	13
8	Payment of Interest	13
9	Premature Withdrawal/Closure of Term deposits	15
10	Insurance Cover for deposits	16
11	Loan against Deposits	16
12	Settlement of dues in deceased deposit account	17
13	Inoperative accounts	18
14	Unclaimed Deposits	20
15	Confidentiality of Customer Information	21
16	Redressal of Complaints and Grievances	21
17	Secured credit card based on Fixed Deposit	21
18	Post-facto change in policy matters	21

1. PREAMBLE

One of the important functions of the Bank 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 / advice 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 non-interest-bearing 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 interest-bearing demand deposit, by whatever name called and is subject to restrictions as to the number and amount of withdrawals permitted by the Bank during any specified period.

"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 Fixed deposit, Cash Certificate, Recurring Deposit, Flexi deposits, Tax saving deposits, Sweep-in deposits, Annuity deposits, short term deposits, Long-term deposits etc.

"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. The minimum and maximum period of recurring deposit is decided from time to time by the ALCO of the Bank. 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.

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

"Bulk Deposit" is referred to as single Rupee term deposits with minimum deposit value as defined by RBI from time to time. The bank shall maintain the bulk deposit interest rate card separately in Core Banking System to facilitate supervisory review.

3. OPENING OF DEPOSIT ACCOUNTS

- 3.1. The account opening forms and other material would be provided to the prospective depositor by the Bank. The same will contain details of information to be furnished and documents to be produced for verification and / or for record. The Bank official dealing with the customer and opening the account shall explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he/she approaches for opening a deposit account.
- 3.2. 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 Policy on Combating Financial Crime 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. 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, photographs may be insisted upon in case the joint holder is not an employee/ existing customer. The Bank will encourage all customers requiring PAN under the Income Tax Act to submit PAN details while opening the account and only those customers who have income less than the relevant slabs mentioned in the Income Tax Act or having mainly the agricultural income will be advised to open accounts with Form 60.
- 3.3. Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies (as advised by Reserve Bank of India (RBI) from time to time).
- 3.4. 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.
- 3.5. 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.
- 3.6. 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. As per the Schedule I and III of the Foreign Exchange Management (Deposit) Regulations, 2016 Non- Resident Indian (NRI) and Person of Indian Origin (PIO)/ Overseas Citizen of India (OCI) can open NRE accounts in various forms such as savings, current, recurring, or fixed deposit accounts. Similarly, a Non-Resident (including NRI/PIO/OCI) can open NRO accounts in various forms such as savings, current, recurring, or fixed deposit accounts. NRIs and PIOs are also eligible to open and maintain FCNR (B) accounts with an authorized dealer.

- 3.7. 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 the terms and conditions governing operation of such accounts. Failure to maintain the 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 the number of transactions, cash withdrawals, etc., for a given period. Similarly, the Bank may specify charges for issue of cheque books, additional statement of accounts, duplicate passbook, 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. Bank will be levying service charges on Savings Bank and Current Account as per bank's policy on service charges which is approved by the board.
- 3.8. Bank has introduced BSBDA scheme in line with the RBI guidelines on BSBDA account from time to time. The Bank is committed to providing basic banking services as part of its financial inclusion agenda. Banking services will be offered to them through the Basic Savings Bank Deposit Account Scheme and additionally, Small Accounts opened in terms of sub-rule (5) of the PML Rules, 2005 which has relaxed customer acceptance norms as per regulatory guidelines. The terms and conditions of these accounts are published and maintained on the bank's website.
- 3.9. In the Core Banking platform, the Bank is allotting a Customer ID for each customer on the basis of information collected through the Customer Information Form. When a customer, who is having KYC complied Customer ID, desires to open another account, the bank will not insist for submission of KYC documents again.
- 3.10. While opening Current Accounts, the Bank shall ensure adherence to all the requirements from RBI regarding Opening and operation of Current Accounts as amended from time to time. In particular:
- a) If the customer is not enjoying any credit facilities from the banking system, a current account can be opened without restrictions, subject to compliance of KYC norms and other due diligence.
 - b) If the customer is enjoying credit facility from Banking system, the opening will be permitted only as per the directions issued by RBI from time to time. guideline of RBI. Periodic monitoring also will be implemented as prescribed by the RBI.
 - c) Bank may open the of current accounts, for the category of entities exempted by the RBI, even if they are enjoying credit facility from the Banking system.
- 3.11. A savings / fixed / recurring bank deposit account can be opened by a minor of any age through his/her natural (mother or father) or legally appointed guardian, (known as Minor's Account). Minors above the age of 10 will also be allowed to open and operate a savings bank account independently. 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 under 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). However, no overdraft will be granted to the minor. No Cheque will be provided wherever minors are operating the account by himself/ herself. 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 Bank. 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 would be obtained and kept on record for all operational purposes.

3.12. In addition to the conventional deposit products, bank may 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.

i. Bank may offer Fed Flexi Smart Saver deposit for NRIs, Smart deposits for Resident customers via Fintech platforms, which gives the convenience of choosing a core amount and instalment up to ten times of the core amount chosen.

ii. Special Non Resident deposits with higher return by way of forward-booking of underlying foreign currency, known as Federal Rupee Plus is offered to NR customers.

iii. Bank may 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.

iv. a. Bank also offers digital platforms through which customers can open operative accounts instantly using the OTP based e-KYC. Accounts can be opened online by customers who have their mobile number linked with Aadhaar and registered with UIDAI. These accounts are minimum KYC accounts which can be instantly operated up to Regulatory permitted limits. There are regulatory restrictions on the transaction limits and balances till the customer completes KYC requirements as per Policy on Combating Financial Crime. To avail the full benefits of banking, customers should complete their normal KYC within one year by visiting a branch of the Bank or by completing Video based Customer Identification Process (V-CIP) formalities through Video KYC portal.

Any new product issued in this category shall be subject to the Bank’s extant requirements for New Product Approval Policy.

b. With the introduction of Video Based customer identification process, the Bank is offering Video Based Account Opening (VAO) where a customer can open an account instantly through approved digital means 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 Video based Customer Identification Process (V-CIP) formalities.

c. Bank may enter into arrangements with entities, wherein these entities will refer their clients to open accounts with the Bank. Standard account opening procedures, including Customer Due Diligence as per the Bank's Policy on Combating Financial Crime, will be followed for these clients, and the accounts will be opened based on the customers' requirements. The role of third-party entities in the arrangement will be limited to referring the clients to the Bank.

d. Account Opening through Fintech Partnerships:

Savings Accounts and Term Deposit accounts can be opened by customers through digital platforms provided by Fintech partners of the Bank. This would serve as an additional distribution channel for the Bank.

- Customers can download the Fintech Partner's mobile application and open the Savings Bank account. Post opening the savings account, the customer can also open term deposit account for the prescribed period.
- The limited facility account will be opened through Aadhaar OTP based e-KYC. The account will be fully activated on completion of video KYC.
- Accounts that have not completed VCIP within a year will be closed centrally and the outstanding balance will be transferred to the customer after collecting the alternate Savings account of the customer.
- Customers will be allowed to apply for products like debit card, cheque book and services like fund transfer, deposit opening, nominee addition, account closure etc. through the Fintech app.
- For a few services like offline mobile number updation etc. customers will have to visit the nearest branch.

Fixed Deposits Opening through Fintech Partnerships as Security for Secured Credit Cards:

- A customer not having an account or an existing relationship with the Bank can open a Fixed Deposit through Bank's Co- Branded Credit Card partners, for the purpose of keeping security deposits for obtaining credit cards.
- Such deposits will be lien marked as security for the Credit Card issued.

If the deposits are funded from another Bank account of the customer, the open date of the deposit will be the date on which the Bank has received the funds in its account.

3.13. The Bank may at its discretion open deposit accounts other than Savings Bank Accounts for illiterate persons. The account of such a person may be opened provided he / she calls 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 safekeeping 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.

- 3.14. 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. The 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.
- 3.15. Banking facilities may also be extended to sick / incapacitated / old people who are unable to be physically present in the branch and too ill to put in 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 give 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.
- 3.16. Savings bank and term deposits can be opened in the name of persons with autism, cerebral palsy, mental retardation and multiple disabilities by the legal guardian appointed by the District Court under Mental Health Act, 1987 or by the Local Level Committees set up under the National Trust for welfare of persons with autism, cerebral palsy, mental retardation, and multiple disabilities under Disabilities Act, 1999. Appointment of guardian is given in Form B (Form of confirmation of appointment of guardian) by the committee. The authenticity of Form B should be verified with the 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 applicable for opening of Savings Bank, Recurring Deposits and Term Deposits.
- 3.17. The Bank ensures that all account opening formalities (except for accounts opened through digital channels) 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. Bank officials may also open deposit accounts using approved system capabilities and devices, through assisted journeys after obtaining the necessary documents digitally and ensuring KYC, at the customer locations outside the branch.
- 3.18. A 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 for those accounts without a valid signature captured in account. (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. Bank's Policy on Settlement of Claims covers in detail the settlement of claims with or without nomination.

- 3.19. The regulatory guidelines require banks to categorize customers based on risk perception and prepare profiles of customers for the purpose of transaction monitoring. The inability or unwillingness of a prospective customer to provide necessary information / details could result in the bank not opening an account. The 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. The Bank's policy prescriptions and procedure for client risk categorization are covered in the Policy on Combating Financial Crime.
- 3.20. Based on the customer request, the Bank at its discretion will sanction sweep facility in savings and current accounts at applicable interest rates prevailing for respective tenure.
- 3.21. Deposit accounts can be opened by an individual in his own name (known as account in single name) or by more than one individual in their own names (known as Joint Account), as the case may be.
- 3.22. Submission of GSTIN: To avail input tax credit, the Bank recommends submission of GSTIN for updation of the same in the Bank records.
- 3.23. In case of failure to submit PAN, the Bank shall take necessary action as required under the applicable rules.

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 by the customer 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 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. However, such non- resident Indian close relatives shall not be eligible to operate the account during the lifetime of the resident account holder.
- 4.3.3 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.
- 4.3.4 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.
- 4.3.5 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.
- 4.3.6 At the request of the depositor, the Bank may register a mandate / power of attorney given by him authorizing another person to operate the account on his behalf.
- 4.3.7 The Domestic, NRE & NRO Rupee Term Deposits can be opened for the minimum and maximum period as decided by ALCO from time to time, subject to the period permitted by RBI and subject to the categories of deposits as stipulated by RBI.
- 4.3.8 The Term Deposit Account holders at the time of placing their deposits can give instructions with regard to closure of the Deposit Account or renewal of deposit for a further period on the date of maturity. Unless otherwise instructed, term deposits other than specific deposit schemes like non-callable deposit, Rupee Plus and recurring deposits will be automatically renewed for an identical period as that of the original deposit on the date of maturity.
- 4.3.9 Even if the customer's instruction was for auto renewal at the time of deposit opening, if the customer's status is KYC-non complied at the time of deposit maturity, the deposit may be converted to overdue deposit status.

- 4.3.10 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.
- 4.3.11 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 Passbook in lieu of statement of account to Savings Bank account holders, particularly when requested by the customer.
- 4.3.12 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.
- 4.3.13 Any changes in service charges will be made available to all depositors in advance with one month's notice through the Bank's website and / or through mail. / or through SMS or any other means of communication available. However, in case of changes due to regulatory requirements the Bank may reduce the notice period with reasons recorded and publicized.
- 4.3.14 The rate of interest to be paid on the overdue term deposits shall be subject to the stipulation contained in the Interest rate framework. If a Term Deposit (TD) matures and proceeds are unpaid, the amount left unclaimed with the bank shall attract a rate of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

5. STOP PAYMENT FACILITY

The Bank will accept stop payment instructions 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 customer contact center of the Bank. Charges as prescribed will be collected.

6. DISHONOUR OF CHEQUES AND NACH MANDATES

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

- 6.1 If the number of cheques returns for the reason of insufficient funds reaches three, Bank may 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.
- 6.2 If four Cheques are returned in a financial year for the reason of insufficiency of funds, bank has the freedom to stop issuance of further cheque books in the account.
- 6.3 Also, if the cheque is returned four times in a financial year for the reason of insufficiency of funds, bank at its discretion can initiate steps to close the account, after giving 30 days' notice to the customer.
- 6.4 If the NACH debit mandate fails 4 times in a financial year for the reason of insufficiency of funds, the bank at its discretion can initiate steps to close the account, after giving 30 days' notice to the customer.

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

The Bank offers a choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes Debit Card, Internet banking and Mobile banking inclusive of SMS banking facility, missed call banking, AI powered Virtual Assistant and WhatsApp 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. Bank will place per transaction/day limits for such channels based on their own risk perception with the necessary approval in the bank. Such limits will be communicated to customers also and customers will be given an option in digital touch points for modifying the limits as per their convenience but within the approved overall limit. The Bank shall not offer facilities of electronic transactions, other than ATM cash withdrawals, to customers who do not provide mobile numbers to the Bank.

8. PAYMENT OF INTEREST

- 8.1 Interest shall be paid on savings account and term deposit 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 and ALM Policy of the Bank.
- 8.2 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, for the same tenure, at any branches. Interest rates payable on deposits shall be strictly as per the schedule of interest rates disclosed.
- 8.3 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 the case of a monthly interest payment scheme, the interest shall be

calculated for the quarter and paid monthly at a 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.

8.4 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 on the Bank's website also.

8.5 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 processed 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 of interest as applicable to savings account or the contracted rate of interest on the matured TD, whichever is lower.

8.6 No interest will be paid, where premature withdrawal of deposits takes place before completion of the minimum period as decided by ALCO from time to time, subject to the minimum period permitted by RBI for Resident, NRO, NRE & FCNR (B) term deposits.

8.7 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.

8.8 INTEREST RATES ON RUPEE DEPOSITS-NON-RESIDENTS

Interest on deposits of money accepted or renewed under NRE/NRO deposit scheme shall be on the terms and conditions specified below.

(a) The interest rates shall be subject to the conditions as per the - ALM Policy of the Bank.

(b) Interest rates on savings deposits under Non-Resident (External) Rupee (NRE) Deposit / Ordinary Non-Resident (NRO) Deposits shall be in accordance with the directions below.

Interest on domestic rupee savings deposits shall be calculated on a daily product basis as under:

- i. A uniform interest rate shall be set on balance up to Rupees one lakh, irrespective of the amount in the account within this limit.
- ii. Differential rates of interest may be provided for any end-of-day savings bank balance exceeding Rupees one lakh.

(c) Interest rates on NRE/NRO term deposits shall vary only on account of one or more of the following reasons:

(i) Tenure of Deposits: - Bank will offer term deposit with different maturity/tenure of the deposit, subject to the condition that minimum period of NRE and NRO term deposits shall be decided by ALCO subject to the minimum period permitted by RBI from time to time.

(ii) Size of Deposits: - Differential interest rate shall be offered only on bulk deposits

(iii) Non-availability of Premature withdrawal option: - Bank will offer NRE / NRO term deposits without premature withdrawal option, provided that all NRE / NRO term deposits accepted from individuals (held singly or jointly) for amount of Rupees one crore and below shall have premature-withdrawal-facility.

(d) Interest rates on NRE/ NRO deposits shall not be higher than those offered by the Bank on comparable domestic rupee term deposits.

(e) The benefit of additional interest rate on deposits on account of being bank's own staff or senior citizens shall not be available to NRE and NRO deposits.

(f) Interest on savings deposits shall be credited at quarterly or shorter intervals.

(g) If an NRE account holder, immediately on return to India, requests for conversion of the NRE term deposit into Resident Foreign Currency Account (RFC), interest shall be paid as under:

(i) if the NRE deposit has not run for a minimum period as decided by ALCO subject to the minimum period permitted by RBI from time to time, interest shall be paid at a rate not exceeding the rate payable on savings deposits held in RFC accounts.

(ii) In all other cases, interest shall be paid at the contracted rate.

Prohibition on marking lien

Bank shall not mark any type of lien, direct or indirect, against NRE saving deposits.

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. 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 after debiting the applicable premature closure charges and not at the contracted rate. The 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.

9.3 In the case of term deposits of deceased depositors, premature closure of term deposits would be allowed, and such premature withdrawal would not attract any penal charges.

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, / 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 form. 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 digital platforms Here only the login credentials for the electronic facility are required. The amount will be credited to the operative account of the account holder. Such facility of loan will be offered in specific schemes based on features available and the details will be made available to the depositor.

12. SETTLEMENT OF DUES IN DECEASED DEPOSIT ACCOUNT

Settlement of dues in deceased accounts shall be guided by the Policy on Settlement of Claims framed as per the IBA model policy and the provisions below shall always be aligned to the said Policy. In the case of deposit accounts where the depositor had utilized the nomination facility and made a valid nomination or where the account was opened with the survivors provided: ("either or survivor", or "anyone or survivor", or "former or survivor" or "latter or survivor"), the payment of the balance in the deposit account to the survivor(s)/nominee of a deceased deposit account holder represents a valid discharge of the bank's liability provided :

- I. The bank has exercised due care and caution in establishing the identity of the survivor(s) / nominee and the fact of death of the account holder, through appropriate documentary evidence.
- II. There is no order from the competent court restraining the bank from making the payment from the account of the deceased; and
- III. It has been made clear to the survivor(s) / nominee that he would be receiving the payment from the bank as a trustee of the legal heirs of the deceased depositor, i.e., such payment to him shall not affect the right or claim which any person may have against the survivor(s) / nominee to whom the payment is made.

12.1 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.

12.2 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).

12.3 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.

12.4 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.

- 12.5 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.

SETTLEMENT OF CLAIMS IN RESPECT OF MISSING PERSONS

As per Indian Evidence Act, 1872 (section 107 and 108) presumption of death can be raised only after a lapse of seven years from the date of person reported as “missing”.

As such, nominee / legal heirs have to raise an express presumption of death of the customer, under section 107 / 108 of the Indian Evidence Act before a competent court. If the court presumes that he / she is dead, then the claim in respect of a missing person can be settled with consultation of Legal department of Bank.

Interest payable on the NRE term deposit account of deceased depositor

In case the claimants of an NRE term deposit account of a deceased depositor are residents, the deposit on maturity shall be treated as a domestic rupee term deposit and interest shall be paid for the subsequent period at a rate applicable to a domestic term deposit of similar maturity.

13. INOPERATIVE ACCOUNTS

- 13.1. A Savings / Current account shall be classified as “Inoperative account” if there are no customer induced transactions in the account as defined by the RBI guidelines.

- 13.2. The credit balance in any deposit account maintained with the Bank, which has not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as per the Depositor Education and Awareness (DEA) Fund Scheme 2014.

- 13.3. Bank will pursue the following procedure for classification of accounts as inoperative accounts

- 13.3.1 Bank shall undertake at least an annual review in respect of accounts, where there are no customer induced transactions as defined by the RBI guidelines for more than a year. In cases where there is no explicit mandate to renew the term deposit, the bank should review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The bank shall inform the account/deposit holders 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. 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.

- 13.3.2 If the letters are returned undelivered or no response is received through registered email, the bank shall immediately undertake an enquiry to find out

the whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.

- 13.3.3 In case any response is received from the account holder giving the reasons for not operating the account, the bank shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the bank shall classify the said account as inoperative account after the expiry of the extended period.
- 13.3.4 For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has been given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions. Apart from the above, any additional transactions in the account, as notified by the Reserve Bank of India to establish the status of the account as inoperative will be duly considered.
- 13.3.5 The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. 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.
- 13.3.6 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.
- 13.3.7 Category of accounts (Eg. Zero Balance accounts for receiving scholarships/ DBT etc) , notified by the Reserve Bank of India, from time to time, will be excluded from the stipulation of inoperative account.

13.4 Periodic interest, if any, shall be credited to inoperative accounts.

13.5 Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

13.5.1 The bank shall 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.

13.5.2 In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the bank shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The bank shall also contact the nominee, if registered, for tracing the customer.

13.5.3 The bank shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

13.6 Activation of Inoperative Accounts

- 13.6.1 The bank shall make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home branches). Other modes of KYC updation for revival of dormant accounts will be added in due course as per the latest guidelines from the regulator.
- 13.6.2 The bank shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the RBI guidelines on KYC and Bank's Policy on Combating Financial Crime.
- 13.6.3 The bank is in the process of implementing automatic intimation to the customers through SMS and email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The banks shall process the requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.
- 13.6.4 The bank will not levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account. No charges will be levied for activation of inoperative accounts.
- 13.6.5 The Bank shall not allow any debit transaction in an inoperative account unless there is a customer induced activation of the account. Further, Bank may apply a cooling-off period on reactivation of the account, where restrictions on the number and amount of transactions may imposed during the cooling-off period.

14. UNCLAIMED DEPOSIT ACCOUNTS

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 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 their respective websites, which shall be updated regularly, at least on a monthly basis. 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. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts shall also be indicated.

CUSTOMER AWARENESS

The banks shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents may be made available for the benefit of customers. The banks shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about 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.

15. CONFIDENTIALITY OF CUSTOMER INFORMATION

15.1 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 will be with the consent of the account holder.

15.2 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 the compulsion of law, where there is a duty to the public to disclose and where the interest of the Bank requires disclosure.

15.3 The protection of personal data of customers, including permitted disclosures shall be as guided by the Digital Protection of Personal Data (DPDP) Act as and when the Act, Rules and Regulations are in force.

16. REDRESSAL OF COMPLAINTS AND GRIEVANCES

The bank has got a Grievance Redressal Policy, which is published on the bank website. Depositors having any complaint / grievance with regard to services rendered by the Bank have 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 the 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

17. SECURED CREDIT CARD BASED ON FIXED DEPOSIT

A Secured credit card against Term deposit will be issued to a resident 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 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.

18. POST-FACTO CHANGE IN POLICY MATTERS

Policy shall stand revised to the extent of changes in any of the guidelines as might be advised by RBI /Govt. and any other regulatory bodies from time to time relating to this policy.

Annexure

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
- Master Direction - Deposits and Accounts--RBI/FED/2015-16/9
FED Master Direction No. 14/2015-16 dated 01.01.2016
- 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 – Consolidated Circular on Opening of Current Accounts and CC/OD Accounts by Banks RBI/2022-23/27 DOR.CRE.REC.23/21.08.008/2022-23 dated April 19, 2022
- Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions dated July 6, 2017
- Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated March 03, 2016
- Foreign Exchange Management (Deposit) Regulations, 2016 dated April 01, 2016
- Master Circular on Customer Service in Banks dated July 1, 2015
- Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions dated January 1, 2024

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