

**CITY UNION BANK LIMITED, CENTRAL OFFICE  
KUMBAKONAM**



**POLICY ON BANK DEPOSITS**

**From Nov 2019**

# **POLICY ON BANK DEPOSITS**

## **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 / advices on interest rates on deposits and other aspects regarding conduct of deposit accounts from time to time. With liberalization in the financial system and deregulation of interest rates, banks are now free to formulate deposit products within the broad guidelines issued by RBI.

This policy document on deposits outlines the guiding principles behind formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account. 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 this policy, the bank reiterates its commitments to individual customers outlined in the code of Banks Commitment to Customers adopted by the banks. 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 are being issued from time to time

## **1) Types of Deposit Accounts:**

While various deposit products offered by the Bank are assigned different names the deposit products can be broadly categorized into the following types. Definition of major deposits schemes are under: -

- 1.1) "Demand deposits" means a deposit received by the Bank which is withdrawable on demand;
- 1.2) "Savings deposits" means a form of demand deposit which is subject to restrictions as to the number of withdrawals as also the amounts of withdrawals permitted by the Bank during any specified period;

1.3) "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 such as Recurring / Double Benefit Deposits / Short Deposits / Fixed Deposits /Monthly Income Certificate /Quarterly Income Certificate etc.

1.4) Notice Deposit means term deposit for specific period but withdrawable on giving atleast one complete banking day's notice;

1.5) "Current Account" means 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 Deposit nor Term Deposit;

With regard to payment of interest for Savings and term deposits (including for premature withdrawal, premature renewal, overdue term deposits and deceased depositor's account) and insurance coverage for deposits, the bank will follow the guidelines as detailed in our Policy on Pricing of Liability Products.

## **2) Account Opening and Operation of Deposit Accounts:**

2.1 The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI and Prevention of Money Laundering Act and / or such other norms or procedures as per the Customer Acceptance Policy of the bank. If the decision to open an account of a prospective depositor requires clearance at a higher level, reasons for any delay in opening of the account will be informed to him and the final decision of the Bank will be conveyed at the earliest to him.

2.2 The bank is committed to providing basic banking services to disadvantaged sections of the society. Banking services will be offered to them through Basic Savings Bank Deposit (BSBD) accounts and Small Savings accounts will be opened with relaxed customer acceptance norms as per regulatory guidelines.

2.3 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, it is expected of the bank official opening the account, to explain the procedural formalities and provide necessary clarification sought by the prospective depositor when he approaches for opening a deposit account.

2.4 Customer also can avail other banking product services offered by bank from time to time like

- Debit card- Debit cards shall be issued by the bank to the Savings Bank and Current accountholders, whenever they opt for, as per the terms of the Debit Card issuance policy. Bank levy charges on usage of debit card transactions within the stipulated benchmark as per the regulatory guidelines
- Mobile and Internet banking- Mobile and Internet Banking services shall be provided after satisfying itself as to the eligibility. Bank provides registration process through ATM. Per day transaction limit is available for outward payments and all transactions are processed with second factor authentication only. Use of mobile banking services for international usage is not permitted.

2.5 The regulatory guidelines require banks to categorise 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.

2.6 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.

2.7 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 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 passbook, folio charges, etc. All such details, regarding terms and conditions for operation of the account and schedule of charges for various services provided will be communicated to the prospective depositor while opening the account.

2.8 Savings Bank Accounts can be opened for eligible person/persons and certain organizations/agencies (as approved by Reserve Bank of India from time to time)

2.9 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.

2.10 Term Deposits 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.

2.11 The due diligence process, while opening a deposit account will involve satisfying about the identity of the person, verification of address, satisfying about his occupation and source of income. Obtaining introduction of the prospective depositor from a person acceptable to the Bank and obtaining recent photograph of the person/s opening / operating the account are part of due diligence process.

2.12 In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain AADHAR Number, Permanent Account Number (PAN) or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules and PMLA Rules amended vide notification dated 1<sup>st</sup> June 2017 and subsequent amendments (and thereafter subject to the final judgement of the Hon'ble Supreme Court).

2.13 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).

2.14 Operation of Joint Account – The Joint Account opened by more than one individual can be operated by single individual or by more than one individual jointly. 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 *such* guardian only.

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

i) 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 either of accountholders i.e A or B, on date of maturity or to the survivor on death of any one of the accountholders.

ii) Anyone or Survivor/s : If the account is in the name of two or more individuals say A,B & C the final balance along with interest, if applicable, will be paid any of accountholders i.e A or B or C on the date of maturity.

On the death of any one of account holder say A, the final balance along with interest if applicable, will be paid to any two of the surviving accountholders i.e B or C. On the death of any two of accountholder say A and B, the final balance along with interest if applicable will be paid to the surviving accountholder i.e C.

iii. Former or Survivor: If the account is in the name of two individuals say, A & B, the final balance along with interest, if applicable, will be paid to the former i.e A on date of maturity and to the survivor on death of anyone of the account holders.

iv. Later or Survivor: If the account is in the name of two individuals, say, A & B, the final balance along with interest, if applicable, will be paid to the later i.e B on date of maturity and to the survivor on death of anyone of the account holders.

The above 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.

Now if any of the joint depositors prefer premature withdrawal of deposits in accordance with the mandate of "Either or Survivor, 'Anyone or Survivor' or 'Former or Survivor', bank may allow premature withdrawal of term deposits to the surviving depositor/s without seeking concurrence of legal heirs of the deceased deposit holder, provided all the depositors have given a specific joint mandate for the said purpose at the time of opening the account or any time subsequently during the tenure of the deposit.

At the request of the depositor, the Bank will register mandate / power of attorney given by him authorizing another person to operate the account on his behalf.

### **Premature withdrawal when the depositors are alive**

In case of term deposits with "Either or Survivor", "Former or Survivor" , "Later or Survivor" and "Anyone or Survivors", premature withdrawal would require the consent of the both parties, when both of them are alive

2.16 The term deposit account holders at the time of placing their deposits can give instructions with regard to closure of deposit account or renewal of deposit for further period on the date of maturity.

2.17 In case of absence of any instructions deposits will be treated as an auto renewal deposit and would be renewed for a similar period as that of matured deposit.

2.18 Nomination facility is available on all deposit account opened by individuals. Nomination is also available to an account opened by a sole proprietor. Nomination can be made in favour of one individual only. Nomination so made can be cancelled or changed by the account holder/s any time. While making nomination, cancellation or change thereof, it is required to be witnessed by a third party if the account holder is illiterate. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also. In such cases at the

time of making nomination, depositor has to give a name of person (called appointee) who is a major and will receive the amount of deposit on behalf of the nominee in the event of death of the account holder during the minority of the nominee

2.19 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.

2.20 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 opening of the account. Alternatively, the Bank may issue a Pass Book to Savings Bank account holders.

2.21 The deposit accounts may be transferred to any other branch of the Bank at the request of the depositor.

### **3) Extension of Alternate Delivery Channels to Savings Bank & Current deposit accountholders**

The bank offers choice of electronic channels to customers for conducting their banking transactions. The choice of electronic channels includes ATM, Internet banking, mobile banking including SMS banking facility and phone banking. Wherever such electronic facilities are offered as a part of the basic account/product, bank will obtain specific consent of the customers after explaining the risk associated for availing the facility.

### **4) Interest Payments**

4.1. Interest shall be paid on Savings Bank accounts at the rate as decided by bank within the general guidelines issued by the RBI directive from time to time. Further, in terms of RBI directives dated 03.03.2016, the interest on domestic rupee savings deposit accounts shall be calculated on the daily product basis at quarterly or shorter intervals.

4.2. However term deposit interest rates are decided by the bank within the general guidelines issued by the Reserve bank of India from time to time. In terms of RBI directives, interest is calculated at quarterly intervals on term deposits and paid at the rate decided by the bank depending upon the period of deposits. Interest on deposits repayable for less than 3 months or where the terminal quarter is incomplete, interest shall be paid proportionately for the actual number of days reckoning the year at 365 days. In case of monthly deposit scheme, the interest shall be calculated for the quarter and paid monthly at discounted value. For cumulative

deposit, interest is compounded quarterly on completion of exact quarters. For the broken period beyond completed quarter, simple interest is calculated on the cumulated deposit amount for the remaining number of days.

4.3. The rate of interest on deposits will be prominently displayed in the branch premises. Changes, if any, with regard to deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.

4.4. The bank has statutory obligation to deduct tax at source if total interest paid/ payable on all term deposits held by a person exceed 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.

(This is in line with our Policy on Pricing of Liability Products. Any modification made in Policy on Pricing of Liability Products on interest payment will take effect in this clause).

#### **5) Minors' Accounts:**

5.1. The minor can open Savings Bank Account and the same can be operated by the natural guardian or by minor himself / herself, if he/she is above the age of 10 years. The account can also be opened jointly.

5.2. 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.

#### **6) Account of Illiterate Persons:**

The Bank may at its discretion open deposit accounts other than Current Accounts of an illiterate person. 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 will 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.

#### **7) Account of Visually Challenged Persons**

Bank will facilitate opening of Savings Bank accounts as well Term Deposit accounts of persons with visual impairment. Such accounts will be operated by the accountholder personally. Cheque book facility will be made available. Such accountholders will have to be present before the branch official and affix thumb impression and they will be identified through their photograph to facilitate operations. Bank is also committed in introducing technology banking facilities progressively via ATM & Internet banking in keeping with the availability of supporting technology which will enable visually challenged persons to operate their own accounts.

**8) Account of persons with autism, cerebral palsy, mental retardation & multiple disabilities**

Savings bank and term deposits can also 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. Legal guardian, so appointed, will furnish an indemnity cum undertaking bond duly stamped as per the local law in force along with Guardianship Certificate.

**9) Addition or deletion of the name/s of joint account holders:**

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.

**10) 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.

**11) 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.

**12) Premature withdrawal of Term deposit**

The Bank, on a request from the depositor, at its discretion may allow withdrawal of term deposit before completion of the period of the deposit agreed upon at the time of placing the deposit. The Bank shall make depositors aware of the applicable rate along with the deposit rate. The bank shall declare their penal interest rates policy for premature withdrawal of term deposit.

### **13) Premature Renewal of Term Deposit**

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 the balance period of the original deposit. While prematurely closing a deposit for the purpose of renewal, interest shall be paid on the deposit for the period it has remained with the bank and not at the contracted rate. Further the bank may levy penalty for pre-mature of an existing deposit at such rates as may be decided by the bank from time to time.

### **14) Renewal of Term deposits**

Depositors can give instructions at the time of opening the account for payment of maturity proceeds to their accounts or by Demand draft or for renewal of the deposit for the period of their choice. In the absence of any instructions from customer, the bank will renew the deposit on due date for the same period for which the matured deposit was placed. If request for renewal is received after date of maturity, such deposits will be renewed with effect from the date of maturity at interest rate applicable as on due date, provided such request is received within 30 days from the date of maturity. In respect of request received after 30 days from the date of maturity, applicable interest rate prevailing on the date of maturity, for the period run, will be paid and the deposit shall be renewed from the date of request.

In case of overdue deposits, interest shall be paid for the overdue period as per our Policy on Interest Payable on domestic overdue term deposits and deposits shall be renewed from the date of request.

### **15) Advances against deposits:**

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits after execution of necessary security documents. The Bank will 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

## **16) Settlement of dues in deceased deposit account:**

16.1 The Bank will follow a simplified procedure for settlement of accounts of deceased account holders. The claim in respect of deceased depositors and release of payments to survivor (s)/ nominees will be made within a period not exceeding 15 days from the date of receipt of the claim subject to the production of proof of death of the depositor and suitable identification of the claimant(s) to the bank's satisfaction.

16.2. If the depositor has registered a 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 itself about the identity of the nominee, etc.

16.3. The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.

16.4. 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.

## **17. Interest payable on term deposit in deceased depositor's account**

In the case of a term deposit standing in the name/s of a deceased individual depositor, the interest on such deposits shall be paid as follows:

17.1. At the contracted rate of the deposit if the deposit shall be paid on the maturity date.

17.2. In respect of the deposit of the deceased closed before maturity and repaid to the legal heirs/ representatives of the deceased depositor, interest shall be payable at the rate applicable for the period for which the deposit actually remained with the bank without charging premature closure charges.

17.3. In the case of death of depositor before maturity date and amount is claimed after the date of maturity, interest shall be paid at contracted rate till the date of maturity and from the date of maturity to the date of payment, simple interest is paid at the applicable rate operative on the date of maturity, for the period the deposit remained with the bank beyond the date of maturity.

17.4. In the case of death of the depositor after the date of maturity of the deposit, interest shall be paid at Savings Bank rate operative on the date of maturity from the date of maturity till date of payment.

17.5. No interest shall be paid on deposits held in current accounts. However in case of death of the Current account holder, individual depositor or sole proprietorship concern, for the balance lying in his current account interest from the date of death of the depositor till the date of repayment to the claimant/s at the rate of interest applicable to saving deposit as on the date of payment, shall be paid.

17.6. In case of term deposits with "Either or Survivor" / "Former or Survivor" mandate or where nomination facility had been utilized by the depositor, premature withdrawal will be allowed to the survivor/ nominee at the rate of interest applicable on the date of deposit for the period the deposit remained with the bank and without penalty (similar to that of 17.2).

This clause is also applicable for Tax Saver deposits.

### **18) Insurance Cover for Deposits**

All bank deposits are covered under the Insurance scheme offered by the Deposit Insurance and Credit Guarantee Corporation of India (DICGC). The details of the Insurance cover in force will be made available to the depositor.

Bank while offering deposit products linked to insurance benefits will give choice to the customer for availing the insurance benefit and will explicitly specify the insurance cost if the depositor opts for insurance cover.

### **19) Stop Payment Facility:**

The Bank will accept stop payment instruction from the depositors in respect of cheques issued by them. Charges, as specified, will be recovered.

### **20) Dormant Accounts:**

Accounts which are not operated for a period of two years will be classified as dormant / inoperative accounts in the interest of the depositor as well as the bank. The depositor will be informed of charges, if any, which the bank will levy on dormant/ inoperative accounts. The depositor can request the bank to activate the account for operating it after complying with the conditions as per KYC norms.

In case of dormant a/cs when the balance is below / equivalent to Rs.250/- notice shall be given to the account holders to the address registered with the bank for activating the a/c. If the customer does not turn up within the stated time, then the bank will close the accounts. Bank will also send closure advice to the account holder/s to the address registered with the bank. However this is not applicable for BSBD a/cs and PMJDY a/cs.

## **21) Accounts of Transgender persons**

21.1 In case of a person claiming to be transgender and needs to open account or to do any banking transaction, the person will be recognized as "Third Gender" and the details shall be accepted in the Account Opening Forms/ or other applicable forms as such.

21.2 The salutation of such person shall be "Mx"

21.3 All transgender customers shall be treated equally to other male/ female customers without any discrimination.

## **22) Redressal of complaints and grievances:**

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 set up for redressal of complaints / grievances will be displayed in the branch premises. The branch officials shall provide all required information regarding procedure for lodging the complaint. In case the depositor does not get response from the Bank within 30 days from date of complaint or he is not satisfied with the response received from the Bank, he has a right to approach Banking Ombudsman appointed by the Reserve Bank of India.

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