



Fincare Small Finance Bank

Comprehensive Deposit Policy v3.2.1

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1. Applicability

- 1.1. **SBU:** Retail Banking, Branch Operations, Central Operations, Compliance
- 1.2. **Product Lines:** All Liability Products
- 1.3. **Delivery Channel:** All Delivery Channels
- 1.4. **Staff:** All Staff, Field, Corporate
- 1.5. **Geography:** North, South, East, West Region / (All States of Operation)

2. Context

- 2.1. **Compliance Context:** This policy has been drafted on the basis of compliance obligations as detailed in Appendix II.
- 2.2. **Governance Context:**
 - 2.2.1. **Board:** Applicable
 - 2.2.2. **Sub Committee of Board:** Customer Service Committee of the Board
 - 2.2.3. **Management Committee:** Standing Committee on Customer Service
- 2.3. **Best Practice Context:** Not Applicable

3. Policy Content

All personnel carrying out their duties with regard to all liability products should ensure that they comply with the requirements of this policy. In addition to this, all such personnel should also ensure that they refer this policy (including subsequent amendments there to) so that they are able to maintain compliance to its requirements.

For Frequently Asked Questions (FAQs) regarding the policies please refer to Appendix VII.

With reference to the RBI guidelines detailed in Appendix II the following policies will be followed by Fincare Small Finance Bank:

3.1. Objective

The objective of the policy is to provide guidance around following aspects:

- To outline the guiding principles in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account.

- To recognise 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.
- To impart greater transparency in dealing with the individual customers and create awareness among customers of their rights.
- To ensure customer get services they are rightfully entitled to receive without demand.
- To recognize rights of common depositor.
- To lay down a framework for accepting, operations, servicing and closure of all time and demand deposits held with the Bank

3.2. Preamble

- One of the important functions of the Bank is to accept deposits from the public for the purpose of lending. 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 in respect of formulation of various deposit products offered by the Bank and terms and conditions governing the conduct of the account.
- The document recognises 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 deposit 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.
- This document is a broad framework under which the rights of common depositors are recognized.
- While adopting this policy the Bank re-iterates its commitments to the individual customers as outlined in the Code of Bank's Commitment to Customers.

3.3. 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 deposit schemes are as under:

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- "Demand Deposits" means a deposit received by the Bank which is withdrawable on demand;
- "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; "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.

"Current Account" means a form of demand deposit wherein withdrawals are allowed any number of times depending upon the balance available 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; further, guidelines as specified vide RBI circular DOR.No.BP.BC/7/21.04.048/2020-21 , dated 6th Aug 2020, and DOR.CRE.REC.63/21.04.048/2021-22 dated October 29, 2021 and associated circulars thereon on Opening of Current Accounts by Banks - Need for Discipline, As per guidelines issued by RBI from time to time to be complied with along with the internal guidelines prescribed/SOP drawn in this regard from time to time.

3.4. Account Opening and operation of Deposit Account

- The Bank before opening any deposit account will carry out due diligence as required under "Know Your Customer" (KYC) guidelines issued by RBI vide Circular No. DBR.AML.BC.No.81/14.01.001/2015-16 dated 25th Feb 2016 (Updated as on May 10, 2021) and the policy of the Bank on the same. 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/her.
- The account opening forms and other material will 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, and the Bank's official opening the account, will explain the procedural formalities and provide necessary clarifications sought by the prospective depositor when he/she approaches for opening a deposit account.
- Para No. 12 of RBI Master Directions on KYC, 2016 Circular No. DBR.AML.BC.No.81/14.01.001/2015-16 dated 25th Feb 2016 (Updated as on May 10, 2021) 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 refusing to open an account.
- Inability of an existing customer to furnish details required by the bank to fulfil statutory obligations could also result in closure of the account after due notice(s) has been provided to the customer.
- For deposit products like Savings Bank Account and Current Deposit Account, the Bank will normally stipulate certain minimum/ average balance to be maintained as part of terms and conditions governing operation of such accounts. Failure to maintain the stipulated minimum/ average balance in the account will attract levy of charges as specified by the Bank from time to time. For Savings Bank Account the Bank can also place restrictions on number of transactions, cash withdrawals, etc., for a given period. Similarly, the Bank may specify charges for issue of debit cards, cheques books, additional statement of accounts, 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 and shall form part of the respective product notes of the Bank.
- Savings Bank Accounts can be opened for eligible person / persons and certain organizations / agencies as listed in Para No. 3 of RBI circular no. DBOD.No.Dir.BC. 151/C.347-85 dated 27th Dec

1985 and updated from time to time. These accounts are designed to help the individual (personal customers) to inculcate the habit of saving money and to meet their future requirement. The amounts can be deposited/withdrawn/transferred from these accounts to other accounts by way of cheques/ATM/NEFT/RTGS/IMPS/UPI. It helps customers to keep minimum cash at home besides earning interest. Current Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs / Specified Associates / Societies / Trusts, etc. Term Deposits Accounts can be opened by individuals / partnership firms / Private and Public Limited Companies / HUFs/ Specified Associates / Societies / Trusts, etc. subject to the aforesaid conditions

- The due diligence process, while opening a deposit account will involve satisfying about the true identity of the person, verification of address, satisfying about his occupation and source of income.
- In addition to the due diligence requirements, under KYC norms the Bank is required by law to obtain Permanent Account Number (PAN) or General Index Register (GIR) Number or alternatively declaration in Form No. 60 or 61 as specified under the Income Tax Act / Rules and Aadhaar number as specified by GOI vide amendments to PML Act, 2002 dated 12.12.2017, 13.12.2017 and 13.02.2019 .
- The Bank is committed to providing basic banking services to unbanked / disadvantaged sections of the society. Banking services will be offered to them through the financial inclusion initiatives and accounts opened with relaxed customer acceptance norms as per regulatory guidelines.
- Deposit accounts can be opened by an individual in his own name (status known as account in single name) or by more than one individual in their own names (status: known as Joint Account). Savings Bank Account can also be opened by a minor jointly with natural guardian or with mother as the guardian (Status: known as Minor's Account). Minors above the age of 10 will also be allowed to open and operate saving bank account independently. However, no overdrafts will be granted to these accounts operated by such minors.
- SB account can also be opened by a minor represented by guardian or jointly with a major, where minor is represented by natural guardian. Minors above the age of 10 will also be allowed to open and operate SB account subject to restrictions on transactions and no cheque books will be provided to such accounts.
- 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 natural guardian only.
- The joint account holders can give any of the following mandates for the disposal of balance in the above accounts:

Either or Survivor: If the account is held by two individuals say, A & B, the final balance on maturity of deposit along with interest, if applicable, will be paid to survivor on death of anyone of the account holders. The signatures of both the depositors need not be obtained for payment of the amount of the deposits on maturity. However, the signatures of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. In case of term deposits with "Either or Survivor" or "Former or Survivor" mandate, bank will allow premature withdrawal of the deposit by the surviving joint depositor on the death of the other only if, there is a joint mandate from the joint depositors to this effect.

- a. 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.
 - b. Former or Survivor: First named account holder can alone operate and has full rights over the account balances. The final balance along with interest, if applicable, will be paid to the survivor only on the death of the former. However, the signature of both the depositors may have to be obtained, in case the deposit is to be paid before maturity. Premature withdrawal would however require the consent of both the parties, when both of them are alive, and that of the surviving depositor and the legal heirs of the deceased in case of death of one of the depositors.
 - c. Later or Survivor: Second named account holder can alone operate and has full right over the account balances. The final balance along with interest, if applicable, will be paid to the survivor only on the death of the latter.
- 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.
 - 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. In the absence of any written instructions about the disposal of the term deposit, the Bank reserves the right at its discretion to renew the deposit along with accrued interest thereon at prevailing rates of interest for a similar tenor of the deposit which has matured.
 - A statement of account will be provided by the Bank to the Savings Bank as well as Current Deposit Account Holders periodically as per terms and conditions of opening of the account, and the prevailing RBI guidelines. In case an account holder wishes for a monthly statement where the conditions of the operation of the Account do not provide for one, the same will be provided by the Bank with or without a charge – charges if any will be disclosed at the time of opening the account or as disclosed time to time.
 - Non-Resident Accounts and Deposits are opened based on additional guidelines specified by the bank in the product notes which are in line with the regulatory guidelines. The interest rates, terms and conditions, customer identification is also defined in the respective product note as per the regulatory guidelines.
 - Nomination Facility: Bank offers nomination facility in deposit accounts, safe deposit lockers, articles in safe custody, etc. Nomination facility is available on all deposit accounts opened by individuals. Nomination is also available to a sole proprietary concern account. 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. Nomination can be modified by the consent of account holder/s. Nomination can be made in favour of a minor also subject to other major individual being named appointee(s) during the minority period.
 - The Bank recommends that all depositors avail nomination facility. The nominee, in the event of death of the depositor/s, will 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.
 - An account holder may request for multiple cheque books to issue post-dated cheques to meet personal finance requirements; the Bank may issue multiple cheque books at its discretion depending on the conduct / history of the account. Charges for the same maybe levied as per the General Schedule of Charges of the Bank.
 - The deposit accounts may be transferred to any other branch of the Bank at the request of the account holder.

Any changes in charges will be made available to all depositors in advance through the Bank's website or through mail. However, in the case of changes due to regulatory requirements, changes will be with effect from the date as specified by the regulators, where the Bank may not give prior notice

3.5. Interest Payments

- Interest shall be paid on savings accounts and term deposits at the rates as decided by the bank within the general guidelines issued by the Reserve Bank of India from time to time.
- Interest on savings accounts shall be on a daily product basis at the rate determined by the Bank. The interest shall be credited on regular basis, whether the account is operative or not.
- In line with Reserve Bank of India directives, interest on term deposits and savings account shall be calculated at rates decided by the bank depending upon the period of deposits, and paid at monthly or quarterly intervals, as applicable. The interest on term deposits is calculated by the Bank in accordance with the formulae and conventions advised by the Indian Banks' Association.
- The bank may, at its discretion, will allow additional interest, as agreed with the Board, over and above the rate of interest mentioned in the schedule of interest on savings or a term deposits to bank's staff, and their exclusive associations as well as on deposits of Managing Director/CEO or such other executives appointed for a fixed tenure subject to conditions laid out by the RBI.
- The rate of interest on deposits will be prominently displayed in the branch premises/ website. Changes, if any, with regard to the deposit schemes and other related services shall also be communicated upfront and shall be prominently displayed.
- The Bank computes interest based on the actual number of days in a year. In case, the Deposit is spread over a leap and a non-leap year, the interest is calculated based on the number of days i.e., 366 days in a leap year & 365 days in a non-leap year.
- 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. Bank shall ensure that TDS is not deducted from depositors who submit declaration in Form 15-G/15-H under the Income Tax Rules, 1962.

3.6. Interest Rates on Deposits

- The interest rates offered shall be **reasonable, consistent, transparent**, and available for supervisory review/scrutiny as and when required.
- The 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 in advance and shall not be subject to negotiation between the depositors and the bank.
- Refer Product Manuals for Product wise interest rates.

3.7. Minor's Account

- A 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. No overdraft would be granted to minors.
- On attaining majority, the erstwhile minor should confirm the balance in his/her account- Minor to major cum re-KYC forms with operational mandate, photograph, and if the account is operated by the natural guardian / guardian, fresh specimen signature of erstwhile minor duly verified by the natural guardian will be obtained and kept on record for all operational purposes.
- Minor self-operated accounts and under-guardian accounts status to be converted to Major on attainment of 18 years subject to completing the process as per KYC , AML & CFT policy of the bank.

3.8. Account of illiterate/ blind person/disability

The Bank may at its discretion open deposit accounts other than Current Accounts of 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. In case of blind persons who are literate, ATM /Debit card, cheque book, etc facilities will be given. The Bank official shall explain the terms and conditions governing the account. Safe custody of PIN and password shall also be specified to the blind customer. 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

3.9. Addition or deletion of the name/s of joint account holders

The bank may, at the request of all the joint account holders in writing, 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.

3.10. 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 will be strictly with the consent of the accountholder.

3.11. Secrecy of Customer's Account

The Bank will 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.

3.12. Premature withdrawal of Term Deposit

- i. Bank, on request from the depositor, at its discretion may allow withdrawal of a term deposit before completion of the period of the deposit agreed upon at the time of making the deposit, and as per RBI guidelines that govern premature withdrawal.
- ii. Partial withdrawal will not be allowed for bulk deposits, unless specifically agreed at the time of making/ renewal of the deposit.
- iii. The bank will have the freedom to determine penal interest rate of premature withdrawal of term deposits.
 - i. The bank will ensure that the depositors are made aware of the applicable penal rate along with the deposit rate. No interest is payable, where premature withdrawal of deposits takes place before completion of the minimum period prescribed.
 - ii. The Bank has the option to disallow premature withdrawal of large fixed deposits (fixed deposits Rs.1 crore and above) held by account holders including individuals and HUFs provided it was made known to the customer at the time of opening of the account. The Bank shall ensure that all fixed deposits under Rs. 1 Crore have the premature withdrawal option

3.13. Premature Renewal of Term Deposit

- i. 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.
- ii. The Interest rate applicable for premature closure of deposit for the purpose of renewal will be the rate applicable for the amount and period for which the deposit remained with the bank.
- iii. Further, the bank may levy penalty for pre-mature closure of an existing deposit at such rates as may be decided by the bank from time to time. The bank shall ensure that the depositors are made aware of the applicable penal rate along with the deposit rate at the time of accepting such deposits.
- iv. Further, the bank has discretion to decide on levying penalty, in cases where the depositor wants to prematurely close the deposit and renew the deposit for a longer period, where the amount is equivalent or higher than the existing deposit.

3.14. Renewal of Overdue Term Deposits

- i. When a term deposit is renewed on maturity, on renewed deposit interest rate for the period specified by the depositor as applicable on the date of maturity would be applied.
- ii. Maturity parked on Sunday or holiday, Interest will be paid for additional date of maturity if not transferred to accounts on the same day
- iii. If request for renewal 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.
- iv. In respect of overdue deposits renewed after 14 days from the date of maturity, interest for the overdue period will be paid at the rates decided by the Bank from time to time.

- v. If a Term Deposit matures and the proceeds are unpaid, the amount left unclaimed would attract Savings bank Rate of Interest or the contracted rate of interest on the matured TD, whichever is lower as specified by RBI master direction issued by RBI vide Master Direction DBR.Dir.No.84/13.03.00/2015-16 dated 3rd March 2016(Updated as on November 11, 2021)

3.15. Advances against Deposits

The Bank may consider request of the depositor/s for loan / overdraft facility against term deposits duly discharged by the depositor/s 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. No advances will be provided against Tax Saver Deposits as per the Rule 9 of Bank term Deposit Scheme, 2006

Overdraft against non-callable deposits shall be allowed in exceptional cases only with prior approval of ALCO.

3.16. Settlement of dues in deceased Deposit Account

- 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, and on submission of documentary evidence of the death of the depositor, etc.
- The above procedure will be followed even in respect of a joint account where nomination is registered with the Bank.
- 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.
- 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. This is to ensure that the common depositors are not put hardship on account of delays in completing legal formalities.
- In case of death of the primary holder of the term deposit prior to the maturity date, premature termination of the deposit will be allowed as per the terms of contract subject to necessary verifications and submission of proof of death of the depositor. Such premature withdrawals will not attract any penal charge. Further details are available in the deceased depositor's Policy.

3.17. Missing Persons

- The Bank shall settle the claims up to Rs.5 lakh by survivors/ nominees in respect of persons missing for 7 years or more from date of FIR on production of FIR copy, non-traceable report and letter of indemnity.

- In respect of the claims above Rs. 5 lakh, the Bank shall obtain legal opinion and settle such claims subject to production of evidence / documentation of the missing person as deemed adequate by the Bank.

3.18. Interest payable on term deposit in deceased account

- 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 obtaining on the date of maturity, for the period for which the deposit remained with the Bank beyond the date of maturity, as per the Bank's policy in this regard.
- 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 prevailing on the date of maturity from the date of maturity till the date of payment or the contracted Rate of Interest whichever is lower.

3.19. 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 bank will ensure payment of applicable periodical DICGC premium and submission of online return to DICGC as specified in the DICGC guidelines.

As on date, deposits upto Rs. 5 lakhs are covered by DICGC. The details of the insurance cover in force, will be made available to the depositor as and when requested.

The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits

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

Each depositor in a bank is insured up to a maximum of Rs.5, 00,000 (Rupees Five Lakhs) for both principal and interest amount held by him in the same right and same capacity.

For example, if an individual had an account with a principal amount of Rs. 4,95,000 plus accrued interest of Rs.4,000, the total amount insured by the DICGC will be Rs.4,99,000. If, however, the principal amount in that account was Rs. Five lakhs, the accrued interest will not be insured, not because it was interest but because that was the amount over the insurance limit.

The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount up to Rupees five lakhs is paid.

3.20. Stop Payment Facility

The Bank will accept stop payment instructions from the depositors in respect of cheques issued by them as per the channels specified by the Bank. Charges, as specified, will be recovered. Charges shall be mentioned as a part of the Schedule of Charges.

3.21. Dormant Account

Savings/Current Account which are not operated for a period of two years, by customer (excludes system generated transactions like credit interest/debit interest) will be treated as a Dormant/ Inoperative Account in the interest of the depositor as well as the Bank. The depositor will be notified of charges excluding the charges for non-maintenance of monthly average balance, if any, which the bank will levy on dormant / inoperative accounts. The depositor can request the Bank to activate the account for operating it.

In case any reply is given by the account holder giving the reasons for not operating the account, bank will 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 will classify the same as inoperative account after the expiry of the extended period. For the purpose of classifying an account as 'inoperative' both the type of transactions i.e. debits as well as credit transactions induced at the instance of customers as well as third party will be considered. However, the service charges levied by the bank or Saving bank interest credited by the bank will not be considered

3.22. Redressal of Complaints and grievance

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 set up for redressal of complaints / grievances will be displayed in the branch premises and on the Bank's website.

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.

Details of the above will be part of the Customer Grievance redressal policy of the Bank.

3.23. Basic Savings Bank Deposit Account (BSBDA)

As per RBI Circular No. DBOD.No.Leg.BC.35/09.07.005/2012-13 dated 10th August 2012 ,later amended as per RBI circular No .DBOD.No.Leg.BC.47/09.07.005/2018-19 dated 10th June2019, the Bank offers a 'Basic Savings Bank Deposit Account with all the basic banking facilities with Zero Initial

Pay-In and Zero balance account. Details about the product offering are available with all the branches and on the website. The 'Basic Savings Bank Deposit Account' will be subject to Bank's Laid down guidelines on KYC for opening of accounts issued from time to time. The holders of BSBD Account will not be eligible for opening any other savings bank deposit account in the bank. If a customer has any existing savings bank deposit account in out bank, he/she will be required to close it within 30 days from the date of opening a BSBD Account. Further, before opening a BSBD account, bank shall obtain a declaration from the customer that he/she is not having a BSBD account in any other bank.

3.23 (a) SMALL ACCOUNTS: BSBD Accounts can also be opened with simplified KYC norms. However, if BSBD is opened on the basis of Simplified KYC, such accounts would be treated as "BSBD-SMALL account" and Will be subject to the conditions stipulated for such accounts

As notified in terms of Govt of India notification dated December 16, 2010, BSBD-Small Accounts (BSBD when opened on the basis of Simplified KYC, the accounts is treated as "BSBD-SMALL account") would be subject to the following conditions:

Total credits in such accounts should not exceed one lakh rupees in a year. Maximum balance in the account should not exceed fifty thousand rupees at any time. The total of debits by way of cash withdrawals and transfers will not exceed ten thousand rupees in a month.

Foreign remittances cannot be credited to Small Accounts without completing normal KYC formalities. Small accounts are valid for a period of 12 months initially which may be extended by another 12 months if the person provides proof of having applied for an Officially Valid Document. Small Accounts can only be opened at CBS linked branches of banks or at such branches where it is possible to manually monitor the fulfilment of all the conditions

3.24. Reporting Requirements

The Retail Banking Division shall report on quarterly basis the following matters to the Customer Service Committee of the Board:

- a. Deposit details and product -wise performance
- b. Details of deposit strategy with the review on its performance
- c. Details of frequent non-compliance to regulatory/ statutory framework and measures undertaken to ensure compliance
- d. Details of all frauds, if any above Rs 1 lakh with the modus operandi and corrective action taken
- e. Details of the categories of customer complaints and customer initiatives taken in that regard
- f. Minutes of the previous meetings and action on the suggested matters

The Customer Committee will in turn inform the Board on a quarterly basis about the changes made in the products, process, systems, etc.

The Bank shall, within 30 days after close of each calendar year (i.e., 31st December) submit a return to RBI in the prescribed form as included in the Calendar of Returns to be submitted to RBI details of all accounts which have not been operated upon for 10 years.

3.25. **Record Keeping: Preservation and Maintenance of digital records pertaining to deposit related and customer related transactions/accounts.**

The bank shall introduce a system of maintaining proper record of transactions prescribed under Rule 3 of PML Rules, 2005, as mentioned below:

- a. All cash transactions of the value of more than rupees ten lakh or its equivalent in foreign currency
- b. All series of cash transactions integrally connected to each other which have been *individually* valued below rupees ten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the monthly aggregate exceeds rupees ten lakhs or its equivalent in foreign currency
- c. All Cash transactions (in terms of Rule 3 (c)) where forged or counterfeit currency notes or bank notes have been used as genuine or where any forgery of valuable security or a document has taken place facilitating the transactions to be reported to FIU-IND and to preserve such records.
- d. All suspicious transactions whether or not made in cash or by way of any other mode as mentioned in the Rules
- e. All cross border wire transfers of the value of more than rupees five lakhs or its equivalent in foreign currency where either the origin or destination of fund is in India; to be reported to FIU-IND

Bank will have a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities. Further, banks to maintain for at least ten years from the date of transaction between the bank and the client, all necessary records of transactions, both domestic or international, which will permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

Bank will ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passports, identity cards, driving licenses, PAN card, utility bills etc.) obtained while opening the account and during the course of business relationship, are properly preserved for at least ten years **after the business relationship is ended** as required under Rule 10 of the Rules *ibid*. The identification records and transaction data should be made available to the competent authorities upon request.

Documents/office records/memorandums in respect of all complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose should, as far as possible, be examined and the findings at branch as well as Principal Officer level to be properly recorded. Such records and related documents to be made available to help auditors in their day-to-day work relating to scrutiny of transactions and also to Reserve Bank/other relevant authorities. These records are required to be preserved for ten years as is required under PMLA, 2002.

4. Document Review and Approval

4.1. Policy Owner: Retail Banking

4.2. SME: Ashish Misra

4.3. Effective date: October 2019

4.4. Revision history



Ashish Misra

Version	Author	Date	Revision
1	KPMG	19-06-2017	
2	Sriram V J	10-01-2018	
3	Paul Jose	05-08-2019	
4	Paul Jose	28-04-2020	
5	Paul Jose	01-09-2020	
6	Paul Jose	04-06-2021	
7	Paul Jose	25-11-2021	

This document has been reviewed by

	Reviewer	Date reviewed
1	Ashish Misra, COO Retail Banking	
2	Devika Praveen, Head-Compliance	05-06-2021
3	Ashish Misra, COO Retail Banking	25-11-2021
4	Devika Praveen, Head-Compliance	25-11-2021
5		

This document has been approved by

	Name	Signature	Date reviewed
1	Board		24 th June 2017
2	Board		23 rd January 2018
3	Board		11 th November 2019
4	Board		8 th June 2020
5	Board		14 th July 2021

5. Document Control

Compliance Department will be the custodian of this policy.

The contents of this Policy are confidential and are intended for internal use by Fincare Small Finance Bank only.

This Policy should always be kept in a safe place and must not be copied or revealed to third parties (i.e. persons not employed by Fincare) without the express written permission from Compliance Department.

Distribution of this Policy, in whole or in part, should come through an official request to the Head of Compliance Department.

6. Revisions to the Policy

Revision of this manual is the principal way of formalizing changes and adjustments in the Comprehensive Deposit process at Fincare Small Finance Bank. Such revisions provide flexibility to the Comprehensive Deposit process at Fincare Small Finance Bank and ensure that the Policy remains relevant at all times.

This policy should be reviewed every year unless some changes occur in the Comprehensive Deposit process which requires immediate changes to be made in the Policy.

Compliance Department will review change requests and either recommend / reject any proposed revisions. Compliance Department Head / Committee / Board will review the recommendation and either accepts / rejects the proposed revision. If accepted, the Compliance Department will ensure that appropriate revisions are incorporated and a new version is circulated to relevant users.

7. Persons & Departments involved

The policy outlined here is mandatory and must be adhered to by all departments involved in the Comprehensive Deposit process at Fincare Small Finance Bank. No deviations from the policy will be permitted unless:

- a. The policy is in conflict with the Reserve Bank of India regulations. Statutory or other regulatory requirements.
- b. The contents of the Policy are strictly proprietary and confidential and should not be disclosed to any person outside Fincare Small Finance Bank.

8. Glossary

NA

9. Appendix

9.1. Appendix I

9.1.1.SBUs: Rural Banking, Retail Assets, Retail Banking, Branch Operations, Central Operations, People, Finance, Risk & Control, Compliance, IT, Strategy

9.1.2.Product Lines: Microfinance, Rural LAP, LAP, Rural LAG, LAG, CA, SA, FD, RD, Institutional Finance, SME OD, Remittances (NEFT / RTGS / IMPS), ATM Cards, Debit Cards, Prepaid Instruments, Safe Deposit Locker, Third Party Products, Other PSL loans, All Treasury Products, All Treasury, Investment Products, SLR Securities, Non SLR Securities, Repo, All Treasury Borrowing Products, CD

9.1.3.Delivery Channels: Branches, MFI Offices, Ro's, ATMs, Business Correspondents, Internet Banking/ Mobile Banking,

9.1.4.Staff: All Staff, Field, Corporate

9.1.5. Geography:

- West, South
- TN, KA, MH, GJ, MP, RJ, PY, AP
- Any new locations

9.2. Appendix II

S No	Regulator	Obligation Set Name	Regulation Date	Regulation Code	Paragraph reference	Obligation Summary
1	RBI	Customer Service in Banks	1 st July 2015	DBR.No.Leg.B C. 21/09.07.006 /2015-16	Para 3.1	Comprehensive Deposit policy: Banks should formulate a transparent and comprehensive policy setting out the rights of the depositors in general and small depositors in particular. The policy would also be required to cover all aspects of operations of deposit accounts, charges leviable and other related issues to facilitate interaction of depositors at branch levels. Such a policy should also be explicit in regard to secrecy and confidentiality of the customers. Providing other facilities by "tying-up" with placement of deposits is clearly a restrictive practice.
2	RBI	Interest rate on Rupee Deposits	1 st July 2015	DBR.No.Dir.B C.7/ 13.03.00/2015-16	Para 3.6	Frequency of Payment of Interest on Savings and Term Deposits: With effect from November 29, 2013, banks have the option to pay interest on savings deposit and term deposits at intervals shorter than quarterly intervals. Interest on savings bank accounts should be credited on regular basis whether the account is operative or not
3	RBI	Master Direction - Reserve Bank of India	3 rd March 2016	DBR. Dir. No.84/13.03.00/2015-16	Para 7	Interest Rate on domestic Term Deposits: (b) Payment of Interest on pre-mature withdrawal:

S No	Regulator	Obligation Set Name	Regulation Date	Regulation Code	Paragraph reference	Obligation Summary
		(Interest Rate on Deposits) Directions, 2016				The interest rates applicable on term deposits withdrawn before the maturity date shall be as under: i. 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. ii. No interest shall be paid, where premature withdrawal of deposits takes place before completion of the minimum period specified in section 7(a)(i).
4	RBI	Licensing guidelines on Small Finance Banks	27 th Nov, 2014	NA	NA	NA
5	IBA	Model Policy on Comprehensive Deposits Policy	NA	NA	NA	NA
6	RBI	Master Direction- "Know Your Customer (KYC)" Directions, 2016	25 th Feb 2016	DBR.AML.BC.No.81/14.01.001/2015-16	Chapter VI	Customer Due Diligence Procedure: Part I: CDD procedure in case of Individuals Part II: CDD Measures for Sole Proprietary Firm Part III: CDD Measure for Legal Entities Part IV: Identification of beneficial owner Part V: On-going Due Diligence
7	RBI	Master Direction- "Know Your Customer (KYC)" Directions, 2016	25 th Feb 2016	DBR.AML.BC.No.81/14.01.001/2015-16	Para 12	For Risk Management, Reporting Entities (REs) shall have a risk based approach which includes the following. (a) Customers shall be categorised as low, medium and high risk category, based on the assessment and risk perception of the RE. (b) Risk categorisation shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity, and information about the clients' business and their location etc. Provided that various other information collected from different categories of customers relating to the perceived risk, is non-intrusive and the same is specified in the KYC policy.
8	RBI	Opening of Savings Bank Account	27 th Dec 1985	DBOD.No.Dir.BC.151/C.347-85	Para 3	Listing of the types of institutions for which, Banks are allowed to open savings bank accounts
9	RBI	Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account	10 th August 2012	DBOD.No.Leg.BC.35/09.07.005/2012-13	Para No. 2 and 3	2. Banks are advised to offer a 'Basic Savings Bank Deposit Account' which will offer following minimum common facilities to all their customers: i. The 'Basic Savings Bank Deposit Account' should be considered a normal banking service available to all. ii. This account shall not have the requirement of any minimum balance.

S No	Regulator	Obligation Set Name	Regulation Date	Regulation Code	Paragraph reference	Obligation Summary
						<p>iii. The services available in the account will include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central/State Government agencies and departments;</p> <p>iv. While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals; <u>and</u></p> <p>v. Facility of ATM card or ATM-cum-Debit Card;</p> <p>3. The above facilities will be provided without any charges. Further, no charge will be levied for non-operation/activation of in-operative 'Basic Savings Bank Deposit Account'.</p>
10	RBI	Bulk Deposits	Feb 22, 2019	DBR.DIR.B C.No.27/13.03.00/2018-19		Review of instructions on Bulk deposits.
11	RBI	DICGC	Feb 04, 2020	Press Release: 2019-2020/1878		DICGC- Increase in Insurance Cover from 1 Lakh to 5 lakhs
12	RBI	Current Accounts	Aug 06, 2020	DOR.No.BP. BC/7/21.04.048/2020-21		Revised instructions for opening current accounts
13	RBI	Current Account	October 29, 2021	DOR.CRE.REC. 63/21.04.048 /2021-22		Clarifications on opening of current accounts by banks
14	RBI	Term Deposit	July 02,2021	RBI/2021-22/66 DoR.SPE.REC. 29/13.03.00/2021-2022		Revision on Overdue term deposit renewal
15	RBI	Dormant Account/Inoperative	July 01,2015	DBR No.Leg.BC. 21/09.07.006 /2015-16		Revision on non-maintenance monthly average balance charges to Dormant/Inoperative accounts

9.3 Appendix II

Board meeting No.	Board meeting date	Relevant minutes of the meeting

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9.4 Appendix III

Sub Committee of Board meeting No.	Sub Committee of Board meeting date	Relevant minutes of the meeting

9.5 Appendix IV

Sub Committee of Board meeting No.	Sub Committee of Board meeting date	Relevant minutes of the meeting

9.6 Appendix V

Management Committee meeting No.	Management Committee meeting date	Relevant minutes of the meeting

9.7 Appendix VI

Relevant Best Practice contexts that are applicable are as follows: Not Applicable

9.8 Appendix VII

Frequently Asked Questions:

What information is the bank required to give when one opens a deposit (current/ savings) account?

When customers open a deposit account, the bank will provide with following information:

- The number of transactions, cash withdrawals etc. that can be done free of charge within the given period of time and the charge leviable in case such limits are exceeded.
- Rate of interest paid on savings deposit and its periodicity.
- Minimum balance to be maintained and charges for non-maintenance thereof.
- Penalty for pre-mature closure of an existing deposit

What formalities are supposed to be completed before opening an account with the bank?

- The bank will carry out due diligence as required in terms of 'Know your Customer' guidelines.
- The bank will ask for submission of relevant documents to establish identity and address of the prospective account holder.

Can a small finance bank charge for statement of account?

Statement of account may be issued every six months free of Charge. The Bank may charge nominal fees for issuance of Additional/Duplicate Statement.

9.9. Appendix VIII

Definition of Eligible Person/s or Organization/agencies who can open Savings Bank Account:

- Following are the person/s or organization/agencies eligible for opening Savings bank Account
 - i) A single person in his or her own name,
 - ii) Two persons in their joint names, payable to,
 - (a) Either or Survivor,
 - (b) Both jointly,
 - (c) Both or Survivor,
 - (d) Former or Survivor and
 - (e) Later or Survivor.
 - iii) More than two persons in their joint names, payable to,
 - (a) All of them or survivors or the last survivor,
 - (b) Any one or more of them or survivors or to the last survivor,
 - (c) A particular person during his/her life time or survivors jointly or to the last survivor.

Note:

- A) If any one or more of the account holders in case of accounts opened as per styles under ii. (a) and iii. (b) above, countermand payment to the other joint account holders, then the account will become operable, respectively, by Both or All of them jointly.
- B) Accounts may be opened in the name(s) of,
- i) Illiterate or blind person(s) and sick, old, physically handicapped or otherwise incapacitated person(s). The special provisions applicable to accounts to be opened by the above persons can be ascertained from the Bank.
 - ii) Minor, either
 - (a) singly or jointly with his/ her guardian, or
 - (b) By guardian alone on behalf of his/her minor.

• **Minors**

Minors who can adhere to uniform signature and are not less than ten years old can open accounts in their single name and maintain therein a maximum balance of Rs. 2,00,000/- (Rs. Two Lacs only)

• **Accounts in the name of Associations, Clubs, etc.:**

Accounts may, in approved cases, be opened in the names of Associations, Clubs, Regimental Funds of Military Units or other similar non-trading institutions for purposes of depositing their savings, provided their bye laws, rules etc. are acceptable to the Bank and are strictly adhered to. Their entire income should also be exempt from payment of income tax.

• **Restrictions on opening of Savings Bank Account:**

- i) No business or trading concern (whether proprietary, partnership, or corporate body) will ordinarily be permitted to open a Savings Bank Account. Bank will be at liberty to close an account should it have reason to believe that the account holder has used his/ her account for a purpose for which it is not intended.
- ii) Savings Bank Account is essentially a facility to build up savings and hence it must not be used as a Current Account.
- iii) As per RBI directives, Govt. Departments or Bodies who, for performance of their functions, depend on 'Budgetary Allocations' cannot open Savings Bank Accounts.
Examples of such nature are
 - Municipal Corporations or Committees,
 - Panchayat Samitees,
 - State Housing Boards, Water & Sewerage Boards,
 - State Text Book Publishing Corporations or Societies,
 - Metropolitan Development Authorities,
 - State/District Level Coop. Housing Societies,
 - Political party etc.
- iv) The following Agencies/ Organizations are, however exception to the above rule and hence Savings Bank accounts can be opened in their names:
 - a) Primary Coop. Credit society financed by the Bank. (PACS).
 - b) Small Farmers Development Agency (SFDA).
 - c) Marginal Farmers and Agricultural Labourers Agency (MFAL).
 - d) Drought Prone Area Programmes (DPAP).

- e) District Development Authority (DDA).
- f) District Rural Development Authority / Society (DRDA/ DRDS).
- g) Integrated Rural Development Programme (IRDP).
- h) Integrated Tribal Development Agency (ITDA).
- i) Agricultural Produce Market Committees (APMC).
- j) Khadi and Village Industries Board.
- k) Self-Help Groups (SHGs) & Farmer's Clubs-Vikas Volunteer Vahini (VVV).
- l) Societies registered under the Societies Registration Act, 1860 or any other corresponding law in force in State or Union Territory except Societies registered under the State Coop Societies Act and specific State enactment creating Land Mortgage Banks.
- m) Companies licensed by the Central Govt. under Section 25 of the Companies Act, 1956 or under corresponding provisions of the Indian Companies Act 1913 and who are permitted not to add to their names the word 'Limited' or the words 'Private Limited'.