

## RBI asks banks to be cautious on inoperative account payments

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NEW DELHI: The Reserve Bank has asked banks to exercise caution before making payments to customers claiming funds lying idle in inoperative accounts.

"Banks are advised to invariably verify the genuineness of the transactions and ensure that the amounts paid to the customers are properly audited by the internal auditors / statutory auditors," RBI said in a communique to banks.

It also asked banks to carry out proper due diligence in accordance with risk category of the customers before making any such payments.



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The RBI directive came in the wake of rising cases where banks claimed substantial refunds from the Depositor Education and Awareness Fund, soon after transferring the amounts in the fund.

RBI said it was not clear as to how the customers or claimants, who did not operate the account for ten years or more, approached the banks for repayment immediately after the balances in their inoperative accounts were transferred to the fund.

"Banks should, therefore, follow all instructions meticulously in respect of inoperative accounts," RBI said.

As per the RBI directive, banks have been advised to carry out special efforts to trace the customers in respect of inoperative accounts.

As per the RBI guidelines, banks are required to pay back the amounts lying in inoperative accounts for ten years or more, along with interest.

They later can lodge a claim for refund from the Depositor Education and Awareness Fund for an equivalent amount paid to the customer/depositor.

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