

Inoperative Accounts

As per the RBI circular vide RBI/2023-24/105 DOR.SOG (LEG).REC/64/09.08.024/2023-24A dated 1st January 2024 savings/ current account shall be treated as in-operative, if there are no 'customer induced transactions' in the account for a period of over two years.

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.

For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered

Bank induced transaction- Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes. (an illustrative list is given in [Annex I](#)).

Customer induced transaction- The transactions in account which are in the nature of:

- ✓ a financial transaction initiated by or done at the behest of the account holder by the bank/ third party (an illustrative list is given in [Annex I](#)) or;
- ✓ a non-financial transaction (An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. Illustratively, this includes transactions such as change in transaction limit, request for issue of cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.
- ✓ KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.

IndusInd Bank reviews all Savings Bank & Current accounts and if there have been no transactions for more than one year, such account are categorized as "inactive". Communication is sent to account holders to activate the account or requesting them to provide the reason for not operating the account. If the accounts are still not operated for more than 24 months or no revert received from the customer the account is further classified as In-Operative Account.

Difference Between Inactive and In-Operative Account

Feature	Inactive	In-Operative
Meaning	An account with no activity for a period of one year and above	An account with no activity for a period of two year and above
Inactivity duration	>=One Year and < Two Year	>= Two Year
Account reactivation	May change back to active with a simple transaction.	Requires an Account activation form along with submission of KYC Documents (Proof of Identification and Proof of Address) to reactivate.
Impact	Minimal, the account remains largely the same.	Customer initiated transactions are restricted

Bank communication	Communication sent once the account moved to Inactive	<ul style="list-style-type: none"> • Communication sent to activate the account before the account moved to In-Operative status. • Communication sent once the account moves to In-Operative status.
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Following transactions will be allowed/disallowed in In-Operative account:

- No customer induced Debit transactions including Cash, Clearing, Transfer etc. will be allowed in the In-Operative Accounts i.e. Debit transactions at Branch, ATM, POS, Internet and Mobile Banking will be restricted.
- Inward clearing cheques will not be honoured at Clearing Hubs/Branches.
- Bank induced transactions such as Interest payment, reversal of charges, etc. will be allowed.

Process of Activation of In-Operative Accounts

- ✓ Customer having In-Operative Account has to visit in person at any IBL branch with latest KYC documents in original.
- ✓ A request letter-In-Operative Account activation form should be given to the branch for activation of account along with self-attested copies of proof of Identity and address (<https://www.indusind.com/content/dam/indusind-corporate/account-operation/In-Operative-Account-Activation-Form.pdf>)
- ✓ Branch will activate the account based on the KYC documents submitted by the customer.

IndusInd Bank Unclaimed Deposit Policy can be referred from the below link:

<https://www.indusind.com/content/dam/regulatoryDisclosure/customer-policy/UnclaimedDepositPolicy.pdf>

How to Prevent an Account from Becoming In-Operative?

To prevent your account from becoming In-Operative, you can try these tips:

- Make at least one transaction in your account every two years.
- Create a standing instruction for recurring transfers from another account to your bank account.
- Connect your bank account to a mobile wallet or UPI app to make recurring payments.
- If you expect to be inactive for long, notify your bank and ask them to keep the account active.

Consequences of In-Operative Account

These are the consequences of an In-Operative account:

Restricted access

In-Operative accounts may have restricted access. Account holders might find it hard to perform transactions, withdrawals, or other changes without reactivating the account.

Unclaimed Funds

After a prolonged period of dormancy, the account may be subject to Movement to Unclaimed Funds, where the funds are transferred to the DEAF Account as per RBI Guidelines. Recovering these funds can be a complicated process.

Security risks

In-Operative accounts are often more susceptible to fraud or unauthorised access, as they are less frequently monitored by account holders. It can lead to financial losses.

Important notifications, such as changes in terms, conditions, or interest rates, might be missed if the account holder is not actively monitoring the In-Operative account, leading to uninformed decisions or missed opportunities. You must regularly check your account status to avoid missing any notifications.

Conclusion

It is essential to track and maintain your accounts to avoid inconvenience. Some accounts are easily forgotten, and they can result in extra charges, limited access, and even security problems. You can keep your accounts active by regularly checking them and doing things like making frequent transactions, setting up alerts, and knowing your bank's rules. Taking care of inactive accounts early allows you to maintain control over your funds and avoid difficulties. Keeping track of your accounts is essential for successful financial management.