



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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UBD.BPD.(PCB).Cir.No. 35/13.01.000/2013-14

October 31, 2013

The Chief Executive Officer
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

**Financial Inclusion- Access to Banking Services –
Basic Savings Bank Deposit Account (BSBDA) - FAQs**

Please refer to our [Circular UBD.BPD.Cir.No.5/13.01.000/2012-13 dated August 17, 2012](#) on the captioned subject, in terms of which banks have been advised to offer 'Basic Savings Bank Deposit Account' with certain minimum common facilities to all their customers without the requirement of any minimum balance and without any charges.

2. In view of several queries received in this regard from banks and members of the public, we are enclosing a list of "Frequently Asked Questions (FAQs)" on the subject. Regarding accounts opened and operated at Business Correspondent (BC) outlets, a separate set of FAQs will be issued.

Yours faithfully,

(P.K. Arora)
General Manager

Encl: As above

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हिंदी आसान है, इसका प्रयोग बढ़ाइए—

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्ति की जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।
Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

Basic Savings Bank Deposit Account - FAQs

1. Query

What is the definition of "Basic Savings Bank Deposit Account"(BSBDA)?

Response

All the existing 'No-frills' accounts opened pursuant to guidelines issued vide [circular UBD.BPD.Cir.No.19/13.01.000/ 2005-06 dated November 24, 2005](#) and converted into BSBDA in compliance with the guidelines issued in [circular UBD.BPD.Cir.No.5/13.01.000/2012-13 dated August 17, 2012](#) as well as fresh accounts opened under the said circular should be treated as BSBDA.

2. Query

Whether the guidelines issued on 'no-frills' account with 'nil' or very low minimum balances will continue even after the introduction of 'Basic Savings Bank Deposit Account'?

Response

No. In supersession of instructions contained in circular UBD.BPD.Cir.No.19/13.01.000/ 2005-06 dated November 24, 2005 on No Frill accounts, banks have now been advised to offer a 'Basic Savings Bank Deposit Account' to all their customers vide UBD.BPD.Cir.No.5/13.01.000/2012-13 dated August 17, 2012, which will offer minimum common facilities as stated therein. Banks are required to convert the existing 'no-frills' accounts' into 'Basic Savings Bank Deposit Accounts'.

3. Query

Can an Individual have any number of 'Basic Savings Bank Deposit Account' in one bank?

Response

No. An individual is eligible to have only one 'Basic Savings Bank Deposit Account' in one bank.

4. Query

Whether a 'Basic Savings Bank Deposit Account' holder can have any other savings bank account in that bank ?

Response

Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank account in that bank. If a customer has any other existing savings bank account in that bank, he / she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.

5. Query

Can an individual have other deposit accounts where one holds 'Basic Savings Bank Deposit Account'?

Response

Yes. One can have Term/Fixed Deposit, Recurring Deposit etc., accounts in the bank where one holds 'Basic Savings Bank Deposit Account'.

6. Query

Whether the 'Basic Savings Bank Deposit Account' can be opened by only certain types of individuals like poor and weaker sections of the population?

Response

No. The 'Basic Savings Bank Deposit Account' should be considered as a normal banking service available to all customers, through branches.

7. Query

Whether there are any restrictions like age, income, amount etc criteria for opening BSBDA by banks for individuals?

Response

No. Banks are advised not to impose restrictions like age and income criteria of the individual for opening BSBDA.

8. Query

Is the 'Basic Savings Bank Deposit Account' a part of furthering the Financial Inclusion objectives of banks?

Response

The aim of introducing 'Basic Savings Bank Deposit Account' is very much part of the efforts of RBI for furthering Financial Inclusion objectives. All the accounts opened earlier as 'no-frills' account vide UBD.BPD.Cir.No.19/13.01.000/2005-06 dated November 24, 2005 should be renamed as BSBDA as per instructions contained in paragraph 2 of our Circular UBD.BPD.Cir.No.5/13.01.000/2012-13 dated August 17, 2012.

9. Query

What are KYC norms applicable to BSBDA accounts? Are there any relaxations in KYC norms for BSBDA's?

Response

The 'Basic Savings Bank Deposit Account' would be subject to provisions of PML Act and Rules and RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time. BSBDA can also be opened with simplified KYC norms. However, if BSBDA is opened on the basis

of Simplified KYC, the accounts would additionally be treated as “BSBDA-Small Account” and would be subject to the conditions stipulated for such accounts as indicated in para 2.6 (iii) of [Master Circular No.UBD.BPD.\(PCB\).MC. No.16 /12.05.001/2012-13 dated July 1, 2013](#).

10. Query

Can I have a 'Small Account' in ABC Bank as per the Government of India Notification No.14/2010/F.No.6/2/2007-E.S. dated December 16, 2010. Can I have additionally a 'Basic Savings Bank Deposit Account'?

Response

No, the BSBDA customer cannot have any other savings bank account in the same bank. If 'Basic Savings Bank Deposit Account' is opened on the basis of simplified KYC norms, the account would additionally be treated as a 'Small Account' and would be subject to conditions stipulated for such accounts as indicated in para 2.6 (iii) of Master Circular No.UBD.BPD.(PCB).MC.No.16/12.05.001/2012-13 dated July 1, 2013 on 'KYC norms / AML Measures/ Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002'.

11. Query

What are the conditions stipulated for accounts which are additionally to be treated as 'BSBDA-Small Account'?

Response

As notified in Govt of India notification dated December 16, 2010, BSBDA-Small Accounts would be subject to the following conditions:

- (i) Total credits in such accounts should not exceed one lakh rupees in a year.
- (ii) Maximum balance in the account should not exceed fifty thousand rupees at any time
- (iii) The total of debits by way of cash withdrawals and transfers will not exceed ten thousand rupees in a month
- (iv) Remittances from abroad can not be credited to Small Accounts without completing normal KYC formalities
- (v) 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.
- (vi) 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 the conditions.

12. Query

What kinds of services are available free in the 'Basic Savings Bank Deposit Account'?

Response

The services available free in the 'Basic Savings Bank Deposit Account' will include deposit and withdrawal of cash; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques at bank branches as well as ATMs.

13. Is there requirement of any initial minimum deposit while opening a BSBDA as per the circular dated August 17, 2012?

Response

There is no requirement for any initial deposit for opening a BSBDA.

14. Query

Whether banks are free to offer more facilities than those prescribed for 'Basic Savings Bank Deposit Account'?

Response

Yes. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis, to be applied in a non-discriminatory manner with prior intimation to the customers. Banks are required to put in place a reasonable pricing structure for value added services or prescribe minimum balance requirements which should be displayed prominently and also informed to the customers at the time of account opening. Offering such additional facilities should be non - discretionary, non-discriminatory and transparent to all 'Basic Savings Bank Deposit Account' customers. However, such accounts enjoying additional facilities will not be treated as BSBDA.

15. Query

If BSBDA customers have more than 4 withdrawals and request for cheque book at additional cost, will it cease to be a BSBDA?

Response

Yes. Please refer to response to the Query No. 14. However, if the bank does not levy any additional charges and offers more facilities free than those prescribed under BDBDA a/cs without minimum balance then such a/cs can be classified as BSBDA.

16. Query

Whether the existing facility available in a normal saving bank account of five free withdrawals in a month in other banks ATMs as per IBA (DPSS) instructions will hold good for BSBDA?

Response

No. In BSBDA, banks are required to provide free of charge minimum four withdrawals, through ATMs and other mode including RTGS/NEFT/Clearing/Branch cash withdrawal/transfer/internet debits/standing instructions/EMI etc It is left to the banks to either offer free or charge for additional withdrawal/s. However, in case the banks decide to charge for the additional withdrawal, the pricing structure may be put in place by banks on a reasonable, non-discriminatory and transparent manner.

17. Query

Are the banks free to levy Annual ATM Debit Card charges?

Response

Banks should offer the ATM Debit Cards free of charge and no Annual fee should be levied on such Cards.

18. Query

Whether Balance enquiry in ATMs also should be counted within the four withdrawals permitted under BSBDA?

Response

Balance enquiry through ATMs should not be counted in the four withdrawals allowed free of charge at ATMs.

19. Query

If a customer of BSBDA opts not to have ATM Debit card, should the bank compel the customer to accept the ATM debit card ?

Response

ATM debit cards may be offered at the time of opening BSBDA and issued if the customer requests for the same in writing. Banks need not insist that a customer accepts ATM debit card.

20. Query

What about customers who are illiterate or old who may not be in a position to safe keep and use the ATM debit card and PIN associated with it?

Response

Banks while opening the BSBDA should educate such a customers about the ATM Debit Card, ATM PIN and risk associated with it. However, if a customer chooses not to have an ATM Debit Card, banks need not compel such customer to accept ATM Debit Card. If, however, customer opts to have an ATM Debit card, banks should provide the same to BSBDA holders through safe delivery channels by adopting the same procedure which they have been adopting for delivery of ATM Debit card and PIN to their other customers.

21. Query

Whether Passbooks are also to be offered free to BSBDA holders?

Response

Yes. BSBDA holders should be offered passbook facility free of charge in line with our instructions contained in [Circular UBD.CO.\(PCB\).Cir.No.15/09.39.000/2006-07 dated October 16, 2006](#).

22. Query

If a customer opens a BSBDA but does not close his existing Savings Bank Account within 30 days, are banks then free to close such savings bank accounts?

Response

While opening the BSBDA customers' consent in writing be obtained that his existing non-BSBDA Savings Banks accounts will be closed after 30 days of opening BSBDA and banks are free to close such accounts after 30 days.

23. Query

In certain accounts to which disbursements under MGNREGA are made weekly, the number of withdrawals may be more than four in a month of five weeks. In such cases, can banks permit five withdrawals?

Response

In BSBDA, banks are required to provide free of charge minimum four withdrawals, including through ATM and other mode. Beyond four withdrawals, it is left to discretion of the banks to either offer free or charge for additional withdrawal/s. However pricing structure may be put in place by banks on a reasonable, non-discretionary, non-discriminatory and transparent manner.

24. Query

What is the prescribed rate of interest payable on balances in such 'Basic Savings Bank Deposit Account'?

Response

Our instructions contained in [circular UBD.BPD\(PCB\).Cir.No.18/13.01.000/2011-12 dated February 7, 2012](#) on Deregulation of Savings Bank Deposit Interest Rate, are applicable to deposits held in 'Basic Savings Bank Deposit Account'.

25. Query

In terms of RBI circular [DPSS. CO.CHD. No. 274/03.01.02/2012-13 dated August 10, 2012](#), if "payable at par" / "multi-city" cheques are issued to BSBDA customers based on their request, can banks prescribe minimum balance requirements?

Response

BSBDA does not envisage cheque book facility in the minimum facilities that should be provided to BSBDA customers. They are free to extend any additional facility including cheque book facility free of charge (in which case the account remains BSBDA) or charge for the additional facilities (in which case the account is not BSBDA).

26. Query

What is the time frame available to banks for converting "No-Frills" Account as Basic Savings Bank Deposit Account? What is the time frame available to banks for issuing ATM Cards to all the existing Basic Savings Bank Deposit Account holders?

Response

All the existing “No-Frill” accounts may be treated as BSBDA accounts from the date of the circular i.e., August 17, 2012 and banks may offer the prescribed facilities as per the circular such as issuing ATM card etc., to the existing ‘No-Frill’ account holders as and when the customer approaches the bank. However, customers opening new accounts after the issue of our circular should be provided prescribed facilities immediately on opening of the account.

27. Query

Whether the normal saving bank account can be converted into BSBDA at the request of customer?

Response

Yes. Such customers should give their consent in writing and they should be informed of the features and extent of services available in BSBDA's.