RBI/2012-13/169

UBD.BPD.Cir.No. 5/13.01.000//2012-13   August 17, 2012

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

Dear Sir/Madam,

Financial Inclusion- Access to Banking
Services – Basic Savings Bank Deposit Account

Please refer to paragraphs 88 and 89 of Monetary Policy Statement for the year 2012-13 announced on April 17, 2012.

2. The Urban Co-operative Banks were advised in November 2005 to make available a basic banking 'no-frills' account either with 'nil' or very low minimum balance as well as charges that would make such accounts accessible to vast sections of population. With a view to doing away with the stigma associated with the nomenclature 'no-frills' account and making the basic banking facilities available in a more uniform manner across banking system, it has been decided to modify the guidelines on opening of basic banking 'no-frills' accounts. Accordingly, in supersession of instructions contained in circular No.UBD.BPD.Cir.No.19/13.01.000/2005-06 dated November 24, 2005 on Financial Inclusion, Urban Co-operative 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.

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शहरी बैंक विभाग,केंद्रीय कार्यालय, गारमेंट हाउस, पहली मंज़िल, डॉ ए बी रोड, वरली, मुंबई- 400018 भारत
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बैंक हिन्दी में पत्राचार का स्वागत करता है —

(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;

(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; and

(v) Facility of ATM card or ATM-cum-Debit Card;

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'.

4. The Urban Co-operative Banks would be free to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner.

5. The 'Basic Savings Bank Deposit Account' would be subject to RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time. If such 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 paragraph 2.6 (iii) of Master Circular UBD.BPD. (PCB).MC.No. 16/12.05.001/2012-13 dated July 2, 2012 on Know Your Customer (KYC) Norms/Anti-Money Laundering (AML) Measures/Combating of Financing of Terrorism (CFT) / Obligations of banks under Prevention of Money Laundering Act (PMLA), 2002.

6. Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit 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'.

7. The existing basic banking 'no-frills' accounts should be converted to 'Basic Savings Bank Deposit Account' as per the instructions contained in para 2 above.

Yours faithfully,

(A.Udgata)
Chief General Manager-in-Charge