FREQUENTLY ASKED QUESTIONS

Basic Savings Bank Deposit Account

1. 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 DBOD.No.Leg. BC.44/09.07.005/2005-06 dated November 11, 2005 on No Frill accounts, banks have now been advised to offer a 'Basic Savings Bank Deposit Account' to all their customers videDBOD.No.Leg.BC.35/09.07.005/20012-13 dated August 10, 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'.

2. 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.

3. Query

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

Response

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

4. 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'.

5. 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 .

6. 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.

7. Query

Is the 'Basic Savings Bank Deposit Account' a part of the Financial Inclusion plans 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 DBOD Circular dated DBOD.No.Leg.BC.44/09.07.005/2005-06dated November 11, 2005 should be renamed as BSBDA as per the instructions contained in paragraph 2 of our Circular DBOD. No. Leg. BC.35/09.07.005/2012-13 dated August 10, 2012 and all the new accounts opened since the issue of our circular DBOD.No.Leg.BC.35 dated August 10, 2012 should be reported under the monthly report of the progress of Financial Inclusion plans submitted by banks to RPCD, CO.

8. Query

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

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 2.7 of Master Circular DBOD.AML.BC.No. 11/14.01.001/2012-13 dated July 2, 2012. .

9. Query

Can I have a 'Small Account' in ABC Bank as per the Government of India NotificationNo.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 paragraph 2.7 of Master Circular DBOD.AML.BC.No.11/14.01.001/2012-13dated July 02, 2012 on 'KYC norms / AML standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002'.

10. Query

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

Response

As notified in terms of 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.Foreign remittances 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 fulfilments of the conditions

11. 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.

12. Is there requirement of any initial minimum deposit while opening a BSBDA as per the circular dated August 10, 2012?

Response

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

13. 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. 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.

14. 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.

15. 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.

16. Query

If a customer of BSBDA agrees not to have ATM Debit card should the bank give ATM debit card by force?

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 force ATM debit cards on such customers.

17. 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 customers about the ATM Debit Card, ATM PIN and risk associated with it. However, if customer chooses not to have ATM Debit Card banks need not force ATM debit cards on such customers. 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 or delivery of ATM Debit card and PIN to their other customers.

18. 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 DBOD. No. Leg. BC.32 /09.07.005 /2006-07dated October 4, 2006.

19. 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.

20. Query

In certain accounts like NREGA where disbursements are made weekly and if a month has five weeks, it may result in more than four withdrawals. 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 by banks.

21. Query

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

Response

Our instructions contained in circular DBOD.Dir.BC.75/13.03.00/2011-12 dated January 25, 2012 on Deregulation of Savings Bank Deposit Interest Rate, are applicable to deposits held in 'Basic Savings Bank Deposit Account'.

22. 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 it should provide 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).

23. 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 DBOD. No. Leg. BC. 44/09.07.005/2005-06 dated November 11, 2005 and converted into BSBDA in compliance with the guidelines issued in circular DBOD.No.Leg.BC.35/09.07.005/20012-13 dated August 10, 2012 as well as fresh accounts opened under the said circular should be treated as BSBDA. Accounts enjoying additional facilities under the reasonable pricing structure for value added services, exclusively for BSBDA customers should not be treated as BSBDAs.

24. 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 10, 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, for customers opening new accounts after the issue of our circular should be provided with the prescribed facilities immediately on opening of the account.

25. 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 BSBDAs.

26 Query

Whether Foreign Banks in India are also required to open BSBDA for customers? Whether Circular dated August 10, 2012 on BSBDA is applicable to Foreign Banks having branches in India?

Response

RBI instructions/guidelines contained in circular dated August 10, 2012 on BSBDA is applicable to all scheduled commercial banks in India including Foreign Banks having branche