

Banking Theory, Law and Practice

Kinds of Bank Accounts

Saving Account

- ✓ This account will be considered as normal banking service.
- ✓ For this account, maintenance of minimum balance is not required.
- ✓ ATM card/ ATM cum Debit card, Rupay card will be given for the account holders.
- ✓ There are going to be no limit on the number of deposits that can be made in a month but, account holders will be allowed most of 4 withdrawals in a month, which includes ATM withdrawals also.
- ✓ The above facilities will be given without any charge. There will be no charge levied for non-operation/ activation of in-operative basic saving bank deposit account.
- ✓ For this account, overdraft facility will be provided up to Rs. 5000/-.

Regular Savings Account

- ✓ Any resident individual- single accounts, two or more individuals in joint accounts, Associations, clubs etc., are eligible for this account.
- ✓ Modest credit option available to the depositor.
- ✓ Two free cheque books will be issued per year.
- ✓ Internet banking facility will be provided without any charge.
- ✓ Balance enquiry, NEFT, Bill payment, Mobile recharge etc., are provided through mobile phones.
- ✓ Students can open this account with zero balance by providing the required documents

Current Account

- ✓ Any resident individual- single accounts, two or more individuals in joint accounts, Associations, Limited companies, Religious Institutions, Educational Institutions, Charitable Institutions, clubs etc., are eligible for this account.
- ✓ Payments can be done unlimited number of times.
- ✓ Funds can be remitted from any part of the country to the corresponding account.
- ✓ Overdraft facility will be available.

Internet banking facility is available.

Recurring Deposit Account

- Any resident individual- single accounts, two or more individuals in joint accounts, Associations, clubs, Institutions/Agencies specifically permitted by the RBI etc., are eligible to open this account in single/joint names.
- Periodic/Monthly installments can be for any amount starting from as low as Rs.50/- onwards.
- Account can be opened for any period ranging from 6 months to 120 months, in multiple of 1 month.
- The amount selected for installment at the start of the scheme will be payable every month.
- The number of installments once fixed, cannot be altered.
- Approved rate of interest is compounded every quarter

Fixed Deposit Account

- Any resident individual- single accounts, two or more individuals in joint accounts, Associations, Minors, societies, clubs etc., are eligible for this account.
- The minimum FDR in metro & Urban branches is Rs. 10,000/- & in rural & semi urban & for Senior citizens is Rs.5000/- .
- For the subsidy kept under the government sponsored schemes, Margin money, earnest money & court attached/ordered deposits, minimum amount criteria will not be applicable.
- Depositors may ask for repayment of their deposits before maturity. Repayment of amount before maturity is allowable.

Special types of Customers in bank

- Minors. A minor is someone who is under the age of 18. ...
- Hindu minors. If the minor is a Hindu, the natural guardian is the father and then the mother. ...
- Muslim minors. ...
- Married Women. ...
- Illiterate Persons. ...
- Lunatics. ...
- Trustee. ...
- Executors and Administrators.

Relationship between Customer and Banker

- The relationship between banker and Customer are categorized into three;
- Relationship as debtor and creditor.

- Banker as a trustee.
- Banker as an agent.
- Other special relationship with the customer, obligations of a banker

Relationship as Debtor and Creditor

- On the opening of an account, the banker assumes the position of a debtor. A depositor remains a creditor of his banker so long as his account carries a credit balance.
- The relationship with the customer is reserved as soon as the customer account is overdrawn.
- Banker becomes a creditor of the customer who has taken a loan from the banker and continues in that capacity until the loan is repaid.

Banker as a Trustee

- Ordinarily a banker is a debtor of his customer in the report of the deposit made by the letter but in certain circumstances, he acts as trustee also.
- A trustee holds money or asset and performs certain functions for the benefit of some other person called the beneficiary.
- For example;
- If the customer deposits securities or other values with the banker for the safe custody, the banker acts as a trustee of his customer.

Banker as an Agent

- A banker acts as an agent of his customer and performs a number of agency functions for the conveniences of his customer.
- For example, he buys or sells securities on behalf of his customer, collects check/cheques on his behalf and makes payment of various dues of his customer.

Special relationship with customer/obligation of a banker

The obligation to honor the Check/Cheques

The deposit accepted by a banker is his liabilities repayable on demand or otherwise. The banker is therefore under a statutory obligation to honor his customer's check/cheque in the usual course.

According to section 31 of the negotiable instruments. Act 1881 the banker is bound to honor his customer's check/cheque provided by following conditions are fulfilled:

- Availability of sufficient funds of the customer.
- The correctness of the check/cheque.

- Proper presentation of the check/cheque.
- A reasonable time for collection.
- Proper drawing of the check/cheque.

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