



# BANKING AWARENESS

## TYPES OF ACCOUNTS

- CURRENT ACCOUNT
- SAVINGS ACCOUNT
- FIXED DEPOSIT ACCOUNT
- RECURRING DEPOSIT ACCOUNT
- FLEXIBLE ACCOUNT
- DORMANT ACCOUNT
- DEMAT ACCOUNT
- NRI ACCOUNT
- NRO ACCOUNT
- NRE ACCOUNT
- FCNR ACCOUNT
- NOSTRO ACCOUNT
- VOSTRO ACCOUNT
- EEFC ACCOUNT



## Banking Awareness – Types of Bank Accounts

### 1. CURRENT ACCOUNT

A current account, also known as financial account is a type of deposit account maintained by individuals who carry out significantly higher number of transactions with banks on a regular basis.

### 2. SAVINGS ACCOUNT

A savings account is an interest -bearing deposit account held at a Bank or another financial institution that provides a modest interest rate.

### 3. FIXED DEPOSIT ACCOUNT

A Fixed Deposit (FD) is a financial instrument provided by Banks or NBFCs which provides investors a higher rate of interest than a regular savings account, until the given maturity date.

### 4. RECURRING DEPOSIT ACCOUNT

Recurring Deposit is a special kind of Term Deposit offered by Banks in India which help people with regular incomes to deposit a fixed amount every month into their Recurring Deposit account and earn interest at the rate applicable to Fixed Deposits.

### 5. FLEXIBLE ACCOUNT

A Flexible Spending Account (FSA), also known as a flexible spending arrangement, is one of several tax-advantaged financial accounts.

### 6. DORMANT ACCOUNT

A dormant account refers to a Bank Account which had no activity for a long period of time, other than posting interest.

### 7. DEMAT ACCOUNT

A Demat Account is an account that allows investors to hold their shares in an electronic form.

### 8. NRI ACCOUNT

In Indian Banking terminology, the term NRI Account refers to funds deposited by a Non - Resident Indian.

### 9. NRO ACCOUNT

An NRO account is a savings or current account held in India that helps NRIs manage income earned in India such as rent, dividends, or pension from abroad.

### 10. NRE ACCOUNT

NRE Savings Account enables NRIs to park their foreign income earned outside India

### 11. FCNR ACCOUNT

FCNR (Foreign Currency Non-Repatriable Account) is a Fixed Deposit Foreign Currency account and not a savings account. Deposits in this account can be made in any of the major foreign currencies like US Dollar, UK Pound, Canadian Dollar, Deutsche Mark, Japanese Yen and Euro. It is available for term deposits of 1 to 5 years and loans up to Rs.100 lakh can be extended against funds held in FCNR.

### 12. NOSTRO ACCOUNT

Nostro account refers to an account maintained by an Indian Bank in the foreign countries.

### 13. VOSTRO ACCOUNT

A Vostro account is maintained by a foreign bank in India with their corresponding bank.

## Banking Awareness – Types of Bank Accounts

### 14. EEFC ACCOUNT

Exchange Earners' Foreign Currency Account (EEFC) is an account maintained in foreign currency with an authorized dealer

#### **Did You Know?**

1. The **Reserve Bank of India (RBI)** has made linking of national biometric ID **Aadhaar to bank accounts** mandatory as part of its updated '**Know Your Customer (KYC)**' guidelines. RBI has also imposed a penalty of Rs 5 cr on south Indian bank for noncompliance with its directions on Income Recognition and Asset Classification (IRAC) norms, Know Your Customer (KYC) norms and treasury function.
  2. **Why KYC?** KYC – Know Your Customer is the process of banks asking for your identity proof. This prevents fraud and misuse of banking facility. It is similar to a security check.
  3. **Account without KYC Norms** - If a customer wants to open an account without KYC norms, then also a bank account can be opened for him but that will be treated as **BSBDA-Small Account** with conditions as:
    - i. **Total credits** in such accounts should not exceed 1 lakh rupees in a year.
    - ii. **Maximum balance** in the account should not exceed **fifty thousand rupees** at any time.
    - iii. In a month, the **total of cash withdrawals and transfers** cannot exceed **Rs. 10,000**.
  - iv. **Foreign remittances cannot** 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 **Core Banking System (CBS)** linked branches of banks or at such branches where it is possible to manually monitor the fulfilments of the conditions.
4. **BSBDA - Small Account** was started in 2012 by RBI.  
**Aim:** To extend benefits of no-frills account to common man.  
**Implementation:** Applicable to all scheduled commercial banks in India including Foreign Banks having branches in India.