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BY THE U.S. GENERAL ACCOUNTING OFFICE

**Report To The Chairman, Subcommittee On
Commerce, Consumer And Monetary Affairs
House Committee On Government Operations**

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Accounting and Finance Division, U.S. General Accounting Office
by the Director, Accounting and Finance Division, U.S. General Accounting Office
Special approval

**Summary Of Survey Results:
Bank Policies On Dormant Accounts**

RELEASED

Most banks classify accounts as dormant or inactive after a certain period without any customer contact and use special safeguards in handling these accounts. In addition, some banks impose service charges and some stop paying interest on inactive accounts. GAO provided assistance to the subcommittee in conducting a survey of bank policies and practices nationwide. The results are presented in this report.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-207478

The Honorable Doug Barnard, Jr.
Chairman, Subcommittee on Commerce,
Consumer and Monetary Affairs
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

In a letter of December 9, 1981, Congressman Rosenthal asked us to assist the subcommittee in its survey of bank policies on dormant accounts. The objective of the subcommittee's survey was to gather information about policies and practices throughout the banking industry while keeping to a minimum the burden on respondents. Subsequent to discussions with your office, we assisted in the technical aspects of a nationwide mail survey including designing a sample, drafting a questionnaire, receiving completed questionnaires, ensuring anonymity, tabulating and analyzing the responses, and summarizing the results.

On the basis of the survey response rate of 87 percent, we project that approximately 10,500 banks (more than 5 out of 6) apply the designation "dormant" or "inactive" to savings and checking accounts after a certain period of time without customer contact. Nearly all of the banks that use the dormant/inactive designation treat dormant accounts differently from active accounts in one or more ways. While this special treatment usually involves some form of increased administrative control over the accounts, it can include suspension of interest or the imposition of inactivity service charges. We estimate that, at the end of 1981, more than 10 million savings and checking accounts were considered dormant by U.S. banks. The total estimated value of these dormant accounts was more than 5 billion dollars.

Appendix I discusses the scope and methodology of the effort and summarizes the policies and practices of banks on the basis of responses to the survey. Appendix II provides tables showing some statistically significant differences related to bank size. Appendix III provides tables combining certain items in ways specifically requested by subcommittee staff. Appendix IV is a copy of the questionnaire.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,



William J. Anderson
Director

Enclosures - 4

SUMMARY OF SURVEY RESULTSOBJECTIVES, SCOPE, AND METHODOLOGY

In December 1981, the subcommittee notified GAO of its intention to conduct a survey of banks to determine the characteristics of bank policies on dormant accounts. At that time, the subcommittee requested GAO to assist in technical aspects of the survey, including the design of the sampling approach and the drafting and analysis of the questionnaire. The subcommittee stipulated that our efforts should produce information that would be representative and projectable to "the banking industry." We tried both to make the questionnaire short and simple and to keep the sample as small as possible. These actions and others were intended to minimize response burden and to foster a good response rate. To help ensure the reliability of the questionnaire, we obtained comments on early drafts from subcommittee staff. We also pretested the questionnaire at nine banks in three States. During these pretests we asked bank officials to complete the questionnaires as they would if they had received the questionnaires in the mail. Upon completion of the questionnaires we discussed with the officials the specifics of their responses--whether the instructions were clear, whether the information sought was actually available, and so forth. We revised the draft questionnaire a number of times in response to the pretest suggestions made by these senior level bank officials. Subcommittee staff approved the final version. At our request, the Federal Deposit Insurance Corporation drew the sample from its computerized call report file. This file includes national banks, state bank members of the Federal Reserve System, federally insured state bank nonmembers of the Federal Reserve, and savings banks. We believe this is the most complete list of banks available. Our sampling strategy was such that all of the banks on the list, regardless of geographic area or size, had a known probability of selection. Although the subcommittee's inquiry was limited to bank treatment of individuals, we were unable to exclude "wholesale" banks (which concentrate on business rather than personal accounts) from our sample.

To keep the sample as small as possible yet allow us to project our results to different sizes of banks, we grouped the banks on our list into four categories according to the size of their assets. We then took a sample from each of these groups.

The sampling ratios ranged from approximately 1 in 40 for banks with assets under \$25 million to 1 in 2 for banks with assets of \$1 billion or more. This reflects the fact that about half of all banks on our list were in that smallest asset category, while fewer than 2 percent were in the largest. The total sample included 615 banks. With the concurrence of subcommittee staff, we made the survey anonymous to encourage cooperation and candor. The response rate was 87 percent,

ranging from 70 percent for the smallest banks to 100 percent for banks with \$100 million to \$1 billion in assets.

To project our results to all banks on the FDIC list, we weighted returned questionnaires by the inverse of the sampling ratio. That is, since each small bank in the sample represented about 40 small banks, we multiplied the results for small banks by (approximately) 40. Since half of all very large banks were in the sample, we multiplied the results for large banks by two. Thus, we could project totals to approximate the results of surveying all U.S. banks. Had we surveyed all banks, a certain number would not have responded. Therefore, our results are projected to approximate the policies and practices of about 12,400 of the 15,000 banks in the country.

We project results to 12,400 rather than to all 15,000 banks because we cannot project to the population represented by those sample banks which failed to return the questionnaire or to complete it properly. We cannot determine how different the results would have been had everyone responded. It should also be emphasized that all data represent information voluntarily reported to us. Because our involvement in the survey was limited, and because of the anonymity provided, we did not perform validation surveys.

Since there are far more banks in the smaller asset size categories than in the larger categories, our projections are heavily influenced by the policies and practices of smaller banks. Appendix II breaks down certain data by size class.

In this report, totals for all tabulations exclude cases for which responses are not available, either because the question was not answered, the question was not applicable to that particular bank, or the response could not be tabulated. Percentages are based only on the total reporting. Totals of percent distributions are always shown as 100 percent even though, because of rounding, individual items may not sum to exactly 100.

The most reliable data in this report have a sampling error of about +4 percent. This means that when we estimate that about 10,450 banks apply the dormant/inactive classification to certain savings accounts, we are 95 percent confident that, had we surveyed all federally insured banks in the country, the number of banks reporting such a policy would have been between 10,000 and 10,900. Other estimates--those which are based on a smaller number of responses or for which the survey responses vary greatly--have a lower degree of precision. For example, our estimate that U.S. banks had 8.1 million dormant savings accounts on December 31, 1981 has a sampling error of about +22 percent. This means that we are 95 percent confident that the number of dormant savings accounts reported in a survey of all banks would be between 6.4 million and 9.9 million. Some estimates, especially estimates of number of accounts in certain

categories and the dollar values reported to us, have very high sampling error. In some cases sampling error exceeds +50 percent. While it was not practical to report the sampling error for every number in the report, we have provided this information for certain figures which we felt were critical to understanding and interpreting the survey results.

It should be kept in mind that, because of nonresponse to the survey, there are approximately 2,600 banks for which we can make no estimates regarding dormant account policies. Even though these banks are excluded from the projected totals, it is not a justifiable inference that none of these banks use the dormant/inactive classification. Undoubtedly, some of them follow each of the practices discussed in this report, but we have no information on which to base estimates.

POLICIES AND PRACTICES OF U.S. BANKING INDUSTRY

Classification of Dormant Accounts

More than 5 out of 6 banks classify accounts as "dormant" or "inactive" after a certain period of time without customer contact. We estimate that about 10,450 banks apply this designation to savings accounts and 10,700 apply it to checking accounts.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Total banks: Number(note a)	12,400	12,000
Percent	100	100
Use dormant/inactive classification	84	89
Do not use dormant/inactive classification	16	11

a/Throughout this report the total projected number of banks on which various estimates are based will differ from one measure to another because the totals exclude all cases for which responses are not available. Some questions may not have applied to a particular bank, and some banks may not have answered particular questions. Totals shown in tabulations are rounded.

Larger banks were more likely to tell us that they classify accounts as dormant or inactive than were smaller banks. (See table 1 in app. II.)

We found no one specific use or definition of the terms "dormant" and "inactive" in the banking industry. Some banks use one term or the other, some use both interchangeably, and some define the two terms differently. Likewise, we found no

generally accepted criteria for the time at which specific accounts are classified as one or the other or both.

Nearly half of the banks use both terms, "inactive" and "dormant." Among banks which use only one or the other, the term "dormant" is favored 3 to 1.

About 6,700 banks apply the term "inactive" to savings accounts. The shortest time period without customer contact needed to trigger this designation reported to us was 3 months; the longest, 20 years. The average period reported was 2.3 years while the median was 1.0 years.^{1/} The following tabulation shows the number of banks using the terms "inactive" or "dormant" and the period of time without customer contact to trigger these designations. Banks which use both terms are included in both categories. (See tables 2 and 3 in app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
<u>Inactive status</u>		
Total banks	6,680	6,740
Minimum time	3 months	1 month
Maximum time	20 years	15 years
Median	1 year	1 year
<u>Dormant status</u>		
Total banks	9,080	9,620
Minimum time	3 months	2 months
Maximum time	20 years	20 years
Median	3 years	1 year

^{1/}For this, and for many other estimates in this report, the median is a better indication of the situation for the "typical" bank because the mean (the arithmetic average) can be strongly influenced by just a few very low or very high values. The median is the point at which half the banks have lower values and half the banks have higher values.

When banks use both terms "inactive" and "dormant," "dormant" is generally associated with a longer period of time without customer contact than "inactive."

Relative period without customer contact when both terms are used	<u>Savings accounts</u>	<u>Checking accounts</u>
Total banks: Number	5,460	5,870
Percent	100	100
Time period for inactive classification greater than for dormant classification	1	1
Time period for inactive classification same as for dormant classification	32	34
Time period for dormant classification greater than for inactive classification	67	65

To some extent, these time periods are influenced by State laws governing the escheatment of unclaimed property to the State. Most States have laws providing that, when a bank loses contact with a customer, after a certain period of time the account must be considered abandoned property and turned over to the State. For both checking and savings accounts, over half the banks answering reported that their States specified 7 years as the period after which accounts should be escheated.

<u>ESCHEATMENT</u>	<u>Savings accounts</u>	<u>Checking accounts</u>
Total banks	9,680	9,730
Minimum time	1 year	6 months
Maximum time	25 years	25 years
Median	7 years	7 years

Because of the lack of standardized terminology, we used the terms "dormant" and "inactive" interchangeably in the questionnaire. In the remainder of this report we also use both terms and treat them synonymously.

Number and Value of Dormant or Inactive Accounts

We estimate that at the end of 1981 there were about 8 million dormant savings accounts in a projected 8,800 banks. The largest number of dormant accounts reported by any one bank was 86,000; about 12 percent of banks, even though they use the dormant classification, had no accounts which they considered dormant on December 31, 1981. Typically, banks estimate that about 2 percent of their savings accounts and 1 percent of their checking accounts are dormant (median estimates). More than one-quarter of banks reporting estimated that no more than 0.1

of one percent of their accounts were dormant. Larger banks had a somewhat larger proportion of dormant accounts than smaller banks. (See table 4 in app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
Number of banks reporting on number of dormant accounts	8,790	9,160
Mean number of dormant accounts per bank	923	244
Median number of dormant accounts per bank	123	70
Total number of dormant accounts	8.1 million	2.2 million
Number of banks reporting value of dormant accounts	8,720	9,240
Mean value of dormant accounts(note a)	\$483,200	\$117,300
Median value of dormant accounts(note a)	\$16,500	\$11,200
Total value of dormant accounts	\$4.2 billion	\$1.1 billion

a/Total dollar value of all accounts a bank considers dormant. Due to the extreme variation in values reported, the range of statistical confidence for the dollar value of dormant accounts is too large to be meaningful.

Special handling of dormant accounts

Nearly all banks which classify accounts as dormant or inactive treat those accounts differently from their active accounts in one way or another. Some of these actions are taken to minimize the possibility of fraud relating to these accounts; other actions are to offset the cost of maintaining dormant accounts. The following table shows the proportion of banks which apply each of the specified measures to their dormant accounts.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Total banks reporting	10,490	10,690
Percent which maintain records in a separate file	47	48
Percent which require dual control on account withdrawals	52	54
Percent which require dual control on account deposits	27	30
Percent which require bank officer approval of withdrawals	64	64
Percent which require bank officer approval of deposits	29	32
Percent which place inactivity service charge on account	32	33
Percent which discontinue accrual of interest	17	5
Percent which remove signature card from active file	39	40
Percent which use special code or account number	47	46
Percent which use other special treatment	12	12

In several cases, larger banks are more likely than smaller banks to apply the action specified. For instance, nearly three quarters of the banks with assets of \$1 billion or more use a special code or account number on dormant savings accounts; only one third of the banks with assets less than \$25 million do so. (See tables 5 and 6 in app. II.)

The percentages above sum to more than 100 because most of the banks take more than one of the specified actions, as shown below. (Also see table 7 in app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
Total banks reporting: Number	10,490	10,690
Percent	100	100
Of specified actions, percent which take: none	3	3
1	16	15
2	16	16
3	14	17
4 or 5	27	27
6 or 7	18	17
8 or more	4	4

Inactivity Service Charges

We estimate that, if asked specifically whether they ever place inactivity service charges on savings accounts, about 4,500 banks would indicate they do. This is less than half of the banks who use the dormant/inactive classification. About the same number and proportion of banks service charge checking accounts. (See table 8 in app. II.) Considering sampling error, we can be confident that a survey of all banks would reveal between 4,000 and 5,060 banks which service charge dormant savings accounts and between 4,370 and 5,460 which service charge checking accounts. Our results indicate that, of those banks which place service charges on accounts, the proportion which levies service charges on all dormant checking accounts (rather than only small accounts) exceeds the proportion which levies service charges on all dormant savings accounts. (Also see table 9 in app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks which service charge any dormant accounts: Number	4,530	4,920
Percent of total	43	46
Of banks which service charge:		
Percent which service charge all, or nearly all, dormant accounts, regardless of size	37	48
Percent which service charge only dormant accounts below a certain minimum	63	52

Among banks which service charge only small dormant accounts, the most common minimum balance required to avoid inactivity service charges was \$100 for both savings and checking accounts. (See table 10 in app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks which service charge only dormant accounts below a certain minimum: Number	2,810	2,430
Percent	100	100
Minimum balance: \$25 or less	43	24
\$26 to \$50	17	4
\$51 to \$100	28	25
\$101 to \$300	6	22
\$301 to \$500	4	22
More than \$500	2	3
Lowest required balance reported	\$2	\$2
Highest required balance reported	\$2,000	\$2,500
Mean required balance	\$103	\$219
Median required balance	\$50	\$100

About one-tenth of the banks which service charge dormant accounts levy charges which cannot be expressed as a specific monthly charge. For example, in some cases the amount of service charge depends on the size of the accounts; in others, the service charge is levied only once--at the time the account is first considered to be dormant, or when it is escheated to the State. However, the vast majority of banks which collect inactivity service charges deduct one specific amount on a periodic basis, which can be expressed in monthly terms. In our study, service charges ranged from 50 cents per year to \$7 per month. In the following table, all periodic charges have been converted to a monthly basis to facilitate comparison.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks collecting periodic inactivity service charges: Number	3,870	4,150
Percent	100	100
Monthly service charge:		
\$0.25 or less	22	12
\$0.26 to \$0.50	17	11
\$0.51 to \$1.00	35	33
\$1.00 to \$3.00	20	33
\$3.01 to \$5.00	6	11
More than \$5.00	(a)	0
Lowest monthly charge	\$0.04	\$0.08
Highest monthly charge	\$7.00	\$5.00
Mean monthly charge	\$1.20	\$1.62
Median monthly charge	\$1.00	\$1.00

a/Less than 0.5 percent.

Most banks have relatively few accounts which are service charged for inactivity. In fact, about one quarter of banks with a policy of service charging dormant savings accounts did

not actually levy charges on any dormant savings accounts during 1981. This was also true of about one fifth of banks with a policy of service charging dormant checking accounts. (See table 11, app. II.)

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks which collected		
service charges on dormant		
accounts: Number(note a)	2,550	2,770
Percent	100	100
Number of accounts service		
charged: 1 to 50	40	54
51 to 100	17	16
101 to 500	27	23
More than 500	15	8
Lowest number of accounts		
service charged	1	1
Highest number of accounts		
service charged	20,514	7,037
Mean	788	184
Median	67	45

a/Throughout this report, the total projected number of banks on which various estimates are based will differ from one measure to another because the totals exclude all cases for which responses are not available. Some questions may not have applied to a particular bank, and some banks may not have answered particular questions.

We estimate that U.S. banks service charged a total of 2 million savings accounts and half a million checking accounts in 1981. However, due to very high sampling error, the total number of dormant savings accounts incurring service charges could range from as low as half a million to as high as 3.6 million. The total number of checking accounts incurring inactivity service charges could be between 240,000 and 780,000.

The total amount of service charges collected by individual banks during 1981 ranged from \$5 to nearly a quarter of a million dollars. The tabulation below excludes a substantial number of banks which reported "zero" as the amount of service charges they collected during 1981.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks which collected service charges on dormant accounts: Number (note a)	2,650	2,690
Percent	100	100
Dollar value of service charges:		
\$1 to \$100	26	32
\$101 to \$300	22	23
\$301 to \$500	11	9
\$501 to \$1,000	8	7
\$1,001 to \$10,000	26	24
More than \$10,000	7	5
Lowest amount of service charges collected	\$5	\$6
Highest amount of service charges collected	\$196,700	\$246,796
Mean	\$4,188	\$1,854
Median	\$343	\$240

a/Throughout this report, the total projected number of banks on which various estimates are based will differ from one measure to another because the totals exclude all cases for which responses are not available. Some questions may not have applied to a particular bank, and some banks may not have answered particular questions.

Most banks will refund service charges to dormant accounts under certain circumstances. The following table shows the proportion of banks which refund service charges under the circumstances specified. The table includes all banks whose policy is to place inactivity service charges on dormant accounts, not just banks which actually collected service charges during 1981.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks reporting on service charge refunds-total	4,470	4,890
Percent which refund service charge:		
if requested by depositor	55	38
if requested by heir or estate	43	28
if account is reactivated	37	21
if depositor claims the account	35	24
if the depositor's heir or estate claims the account at the discretion of bank officer	34	21
under other circumstances	47	54
	1	2

These percentages sum to more than 100 because a majority of banks refund service charges under more than one condition, as shown below.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks which service charge dormant accounts: Number	4,530	4,920
Percent	100	100
Number of circumstances under which refunds made: None	15	22
1	27	37
2	13	13
3	15	10
4	6	4
5 or 6	23	13

We estimate that about 700 banks (16 percent of those which service charge dormant savings accounts) seldom, if ever, make refunds. (See table 12 in app. II.) Even in this group a few banks would refund service charges under some circumstances. For checking accounts, the comparable figures are about 1,200 banks (25 percent) of whom about 200 could be expected to indicate some circumstance under which they would make refunds.

Only half of the banks which service charge dormant accounts provided estimates of the number of times during 1981 that they refunded service charges. Using the information provided, we estimate that most of these banks made no service charge refunds during 1981, as shown in the following tabulation.

	<u>Savings accounts</u>	<u>Checking accounts</u>
Banks reporting on number of service charge refunds: Number	2,440	2,330
Percent	100	100
Number of service charge refunds during 1981:		
None	58	75
1 to 5	21	13
6 to 25	13	10
26 to 100	7	2
More than 100	1	0
Lowest number of refunds	0	0
Highest number of refunds	1,200	34
Mean	7	2
Median	0	0

Discontinuance of interest

On the whole, banks are less likely to stop accrual of interest on dormant accounts than they are to place service charges on them. Only a quarter of the banks responding to the question said that they stop interest on dormant savings accounts. The number of banks which discontinue interest on dormant savings accounts is at least 1,960 but not over 2,850. There were so few instances (seven percent) of discontinuance of interest on checking accounts, that estimates of the details of industry policy for checking accounts would be unreliable.

	<u>Savings accounts</u>
Banks whose policy is to discontinue interest accrual on dormant accounts:	
Number	2,400
Percent of total responding	23
Of banks which discontinue interest...	
Percent which discontinue interest on all, or nearly all, dormant accounts, regardless of size	60
Percent which discontinue interest only on dormant accounts below a certain minimum	40

Most banks have relatively few accounts not accruing interest because of dormancy. About 22 percent of banks which estimated their number of accounts with interest discontinued said they had no accounts with interest discontinued at the end of 1981. We estimate that throughout the U.S. about 900,000 dormant savings accounts were not accruing interest. But, due to sampling error, the total could run as low as 300,000 or as high as 1.5 million.

	<u>Savings accounts</u>
Banks which actually discontinued interest on dormant accounts:	
Number	1,620
Percent	100
Number of accounts not accruing interest: 1 to 50	39
51 to 100	19
101 to 500	30
More than 500	13
Lowest number of accounts not accruing interest	1
Highest number of accounts not accruing interest	20,894
Mean	558
Median	74

The total dollar value of dormant accounts not accruing interest in any one bank ranged as high as \$2.4 million. However, as shown below, we estimate that for two-thirds of the banks which actually had accounts not accruing interest, these accounts amounted to less than \$5,000.

	<u>Savings accounts</u>
Banks reporting dollar value of accounts not accruing interest:	
Number	1,600
Percent	100
Dollar value: \$1 to \$100	10
\$101 to \$1,000	26
\$1,001 to \$5,000	32
\$5,001 to \$20,000	13
\$20,001 to \$100,000	10
\$100,001 to \$1,000,000	6
More than \$1,000,000	1
Lowest total dollar value	\$1
Highest total dollar value	\$2,370,306
Mean	\$76,145
Median	\$1,152

Most banks will retroactively reinstate interest accruals, but fewer banks are willing to do this than to refund service charges.

	<u>Savings accounts</u>
Banks which discontinue interest-total	2,340
Percent which reinstate interest retroactively:	
if requested by depositor	30
if requested by heir or estate	21
if account is reactivated	31
if depositor claims the account	26
if the depositor's heir or estate claims the account	22
at the discretion of bank officer	33
under other circumstances	1
Number of circumstances under which interest reinstated - total:	2,340
Number	100
Percent	35
None	27
1	12
2	10
3	1
4	14
5 or 6	14

Over 700 banks (about one-third of those who discontinue interest) seldom, if ever, retroactively reinstate interest on dormant savings accounts. The following table shows that, among the banks reporting, instances of retroactive interest reinstatement rarely occurred during 1981.

	<u>Savings accounts</u>
Banks reporting on interest reinstatements: Number	1,550
Percent	100
Number of retroactive reinstatements:	
None	85
1 to 5	7
6 to 50	6
More than 50	1

Customer notification

Banks use a variety of methods to locate owners of dormant accounts and to notify them of the status of their accounts. For instance, over one-third of the banks involved would mail a notice to the account owner at the time each of the following situations first occurs: an account is placed in dormant status; the bank begins inactivity service charges; the bank discontinues interest; the account is escheated to the State. However, the proportion of banks which mail notices periodically differs for each of the situations. The following table shows our estimate of the proportion of banks which use a given method to notify customers of a particular condition.

	<u>Account placed in dormant status</u>	<u>Service charge on account</u>	<u>Interest discon- tinued on account</u>	<u>Account escheated to State</u>
Number of banks to which condition applies(note a):	11,660	6,640	2,440	9,090
Percent which use each method:				
Mail notification to each account owner on first occurrence	39	34	39	40
Mail notification periodically	41	30	28	12
Attempt to telephone each account owner	36	18	21	33
Mail periodic account statements	70	63	48	24
Post general notice on dormant account policies in lobby	5	7	8	4
Have available general infor- mation brochure not issued to depositors unless requested	2	1	1	1
Issue general information brochure when account opened	16	19	22	8
Issue general information brochure annually	1	3	2	1
Review other services offered by bank to determine if customer has other accounts	46	24	30	24
Other method	14	7	7	25
No systematic method	8	12	18	24

a/The number of banks shown includes all except those which stated the question was not applicable and those which did not answer. These questions referred to both savings and checking accounts and were answered independently of prior parts of the questionnaire which dealt with savings and checking separately.

The proportion of banks employing several of these notification methods varies by size of bank. (See tables 13 to 16, app. II.)

Many combinations of methods can be used. For instance, when an account is placed in dormant status, nearly half of the banks continue to mail periodic statements but do not mail a specific notice when dormancy first occurs. Only two percent of banks post in their lobbies a general notice on dormant account policies but do not mail notification when dormancy first occurs.

Some of the banks which said they had "no systematic method" nonetheless did check one or more of the methods listed. Of course, many banks use more than one method, especially when an account is placed in dormant status, as shown below.

	<u>Account placed in dormant status</u>	<u>Service charge on account</u>	<u>Interest discontinued on account</u>	<u>Account escheated to State</u>
Total banks: Number	11,660	6,610	2,410	9,160
Percent	100	100	100	100
Number of notification methods used:				
None	5	10	17	23
1	18	35	21	32
2	22	19	25	18
3	26	20	22	14
4	17	10	10	7
5 or more	12	6	6	6

The following table shows how long banks retain the records when they close dormant accounts because the balance is reduced to zero by service charges or because the money is transferred to the State under abandoned property laws. In both of these cases, a majority of banks retain records on account closures indefinitely.

	<u>Service charges reduce balance to zero</u>	<u>Escheated to State</u>
Total banks: Number	9,080	10,130
Percent	100	100
Time records retained:		
5 years or less	14	6
6 or 7 years	15	15
8 or 10 years	13	9
11 to 25 years	5	9
Indefinitely	53	61

When service charges reduce balance to zero, very large banks were less likely to retain records indefinitely than smaller banks. (See tables 17 and 18 in app. II.)

EVALUATION OF BANK POLICY ON DORMANT AND INACTIVE
ACCOUNTS BY BANK ASSET CATEGORY

For many of the items tabulated in appendix I variation by size of bank is to be expected. For instance, it is logical that larger banks would have more accounts than smaller banks, and, therefore, to the extent they consider accounts to be dormant, they would have more dormant accounts. On the other hand, there are other items--whether a bank considers accounts to be dormant or the proportion of accounts considered dormant--that would not by definition be dependent on size. Because there were substantially more banks in the smaller categories than in the larger ones, the projections in appendix I tend to be more reflective of the policies and practices of smaller banks. The following table shows that even though only 2 percent of U.S. banks have assets over \$1 billion, these banks account for more than half of all bank assets and more than one-third of dormant account deposits.

	Size of bank assets(millions of dollars)				
	Total	Less than 25	25 to 99.9	100 to 999.9	1,000 or more
Percent distribution of:					
Number of banks	100	50	37	12	2
Bank assets	100	6	16	26	53
Dormant account deposits(dollars)	100	4	20	41	35

To understand better whether different size banks as a class have different practices and policies, we performed tests for significant differences on certain key items projected in appendix I. We used the Chi-square test with an acceptance level of 95 percent; that is, a significant difference was said to exist only when we were 95 percent confident that the difference observed was not due to chance. This does not mean that there are always significant differences between adjacent size categories but rather that the observed differences between at least the two extremes are too large to be due to chance. The following example shows how the tables can be interpreted.

Table 1 shows that 75 percent of banks with assets of less than \$25 million classify some savings accounts as either dormant or inactive. This compares to 89, 98, and 98 percent for the other three categories of banks. On the basis of our tests, we are able to say that there is a difference, by bank size, in the application of these classifications to savings accounts; that is, small banks are less likely to apply the dormant/inactive classification to savings accounts than are larger banks.

Table 1
Classification of accounts as dormant/inactive

	Size of bank assets			Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$1 billion or more	
Percent of banks which classify savings accounts as dormant/inactive	75	89	98	yes
Percent of banks which classify checking accounts as dormant/inactive	83	92	96	yes

Table 2

Time period without customer contact needed to trigger dormant status

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Savings accounts					(a)
Percent-total	100	100	100	100	
6 months or less	2	5	1	2	
7 to 11 months	0	1	0	0	
1 to 1.9 years	22	15	7	9	
2 to 2.9 years	11	18	18	9	
3 years or more	65	62	74	79	
Checking accounts					yes
Percent-total	100	100	100	100	
6 months or less	11	13	15	16	
7 to 11 months	1	2	0	0	
1 to 1.9 years	35	46	41	37	
2 to 2.9 years	6	7	12	2	
3 years or more	47	32	33	45	

a/Cannot determine statistical significance of differences from sample cases.

Table 3
Time period without customer contact needed to trigger dormant status

	Size of bank assets			Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$1 billion or more	
Savings accounts Percent of banks specifying 3 years or less	69	74	67	no
Mean time period	3.2	3.0	3.5	no
Checking accounts Percent of banks specifying 2 years or less	73	83	82	no
Mean time period	2.5	1.7	1.9	no

Table 4

Proportion of accounts considered dormant

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Savings accounts					
Percent of banks with more than 2 percent of their accounts dormant	39	44	70	69	yes
Mean percent of accounts dormant(note a)	4.2	7.0	7.4	9.1	yes
Median percent of accounts dormant	1.0	1.7	5.0	6.0	yes
Checking accounts					
Percent of banks with more than 2 percent of their accounts dormant	25	35	39	53	yes
Mean percent of accounts dormant(note a)	1.9	2.2	2.1	3.1	yes
Median percent of accounts dormant	0.5	1.0	1.3	2.3	yes

a/These estimates are strongly influenced by a few sample banks which reported very high proportions of accounts dormant, in some cases exceeding 40 percent.

Table 5

Proportion of banks which apply specified measures to dormant savings accounts

SAVINGS ACCOUNTS	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
Maintain records in a separate file for dormant accounts	47	50	41	43	no
Require dual control on withdrawals from dormant accounts	43	56	64	59	yes
Require dual control on deposits to dormant accounts	19	29	40	34	yes
Require bank officer approval of withdrawals from dormant accounts	59	67	63	70	no
Require bank officer approval of deposits to dormant accounts	26	31	29	45	yes
Place inactivity service charge on dormant accounts	30	33	39	26	no
Discontinue accrual of interest on dormant accounts	13	20	20	12	no
Remove signature card from active file	31	42	49	51	yes
Use special code or account number	35	48	67	73	yes
Use other special treatment	13	8	20	23	yes

Table 6

Proportion of banks which apply specified measures to dormant checking accounts

CHECKING ACCOUNTS	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
Maintain records in a separate file for dormant accounts	50	49	42	51	no
Require dual control on withdrawals from dormant accounts	47	59	58	55	no
Require dual control on deposits to dormant accounts	20	34	44	32	yes
Require bank officer approval of withdrawals from dormant accounts	61	68	64	72	no
Require bank officer approval of deposits to dormant accounts	28	33	37	46	yes
Place inactivity service charge on dormant accounts	25	37	45	24	yes
Discontinue accrual of interest on dormant accounts	3	5	11	8	no
Remove signature card from active file	33	42	49	54	yes
Use special code or account number	30	52	68	72	yes
Use other special treatment	14	6	24	20	yes

Table 7

Number of specified measures applied to dormant accounts

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Mean number of specified measures applied to dormant accounts-Savings	3.2	3.8	4.3	4.4	yes
Checking	3.1	3.8	4.4	4.3	yes
Percent of banks which apply 4 or more of specified measures to dormant accounts-Savings	36	57	62	60	(a)
Checking	37	53	65	56	(a)

a/Cannot determine statistical significance of differences from sample cases.

Table 8

Service charges and discontinuance of interest accrual

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent of banks which ever impose inactivity service charges on dormant accounts-Savings	37	46	53	39	no
Checking	40	51	50	30	yes
Percent of banks which ever stop interest accrual on dormant accounts-Savings	17	28	24	20	no
Checking	3	9	13	14	yes

Note: Figures in tables 5 and 6 are based on a list of items provided for banks to check measures they took. Figures in this table are based on responses to a specific, independent question, requiring a yes or no answer as to whether banks "ever" service charge or stop interest.

Table 9

Whether banks service charge, or discontinue interest on, all dormant accounts

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Of banks which ever service charge any dormant accounts:					
Percent which service charge all, or nearly all, dormant accounts, regardless of size—Savings	33	40	36	48	no
Checking	44	51	46	52	no
Of banks which ever stop interest accrual on any dormant savings accounts:					
Percent which stop interest on all, or nearly all, dormant accounts, regardless of size	50	59	82	85	yes

Note: There were too few cases of interest bearing checking accounts to provide reliable estimates of whether banks stop interest on all dormant checking accounts or only on those accounts below a certain minimum.

Table 10

Minimum balance requirements for banks which service charge,
or discontinue interest on, only smaller dormant accounts

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Savings Accounts					
Percent of banks requiring minimum balance greater than \$50 to avoid service charge	33	42	49	33	no
Mean minimum balance required to avoid service charge	\$62	\$130	\$114	\$86	no
Percent of banks requiring minimum balance greater than \$25 to avoid discontinuance of interest	33	44	0	67	(a)
Mean minimum balance required to avoid discontinuance of interest	\$82	\$94	\$25	\$51	no
Checking Accounts					
Percent of banks requiring minimum balance greater than \$100 to avoid service charge	41	46	58	71	no
Mean minimum balance required to avoid service charge	\$157	\$226	\$321	\$291	no

a/Cannot determine statistical significance of differences from sample cases.

Note: There were too few cases of interest bearing checking accounts to provide reliable estimates of minimum balance requirements.

Table 11

Service charge policy compared to service charge activity in 1981.

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Of banks where policy is to service charge, percent which did not levy service charges on any accounts during 1981-Savings	41	24	9	5	yes
Checking	27	18	7	27	no

Table 12

Refunding of service charges and retroactive reinstatement of interest on dormant accounts

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Savings accounts					
Percent of banks which... seldom, if ever, refund service charges	17	11	25	12	no
seldom, if ever, retroactively reinstate interest	28	42	17	19	no
Checking accounts					
Percent of banks which seldom, if ever, refund service charges	24	27	20	19	no

Note: There were too few cases of interest bearing checking accounts to provide reliable estimates of interest reinstatement policy.

Table 13

Notification of customers that their accounts have been placed in dormant status

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
mail notification to each account owner on first occurrence	46	33	40	45	no
mail notification periodically	47	41	28	28	yes
attempt to telephone each account owner	44	35	20	32	yes
mail periodic account statements	71	69	72	63	no
post a general notice on dormant account policies in the bank lobby	5	4	6	13	no
have available a general information brochure not issued to depositors unless requested	3	1	5	3	(a)
issue to depositor a general information brochure at the time the account is opened, whether requested or not	8	17	35	47	yes
issue to depositor a general information brochure, annually, whether requested or not	1	1	2	2	(a)
review other services offered by bank to determine if customer has another current account	44	50	38	46	no
use other method	14	11	21	31	yes

a/ Cannot determine statistical significance of differences from sample cases.

Table 14

Notification of customers that their accounts are incurring inactivity service charges

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
mail notification to each account owner on first occurrence	41	29	31	25	no
mail notification periodically	39	26	19	11	yes
attempt to telephone each account owner	18	19	13	11	no
mail periodic account statements	64	64	60	59	no
post a general notice on dormant account policies in the bank lobby	9	7	5	7	(a)
have available a general information brochure not issued to depositors unless requested	0	0	5	0	(a)
issue to depositor a general information brochure at the time the account is opened, whether requested or not	12	18	32	48	yes
issue to depositor a general information brochure, annually, whether requested or not	3	3	0	2	(a)
review other services offered by bank to determine if customer has another current account	20	27	24	23	no
use other method	6	4	16	11	yes

a/Cannot determine statistical significance of differences from sample cases.

Table 15

Notification of customers that their accounts are not accruing interest

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
mail notification to each account owner on first occurrence	55	28	35	44	no
mail notification periodically	23	31	31	31	no
attempt to telephone each account owner	32	15	12	19	(a)
mail periodic account statements	46	49	54	31	no
post a general notice on dormant account policies in the bank lobby	14	3	12	19	(a)
have available a general information brochure not issued to depositors unless requested	0	0	4	6	(a)
issue to depositor a general information brochure at the time the account is opened, whether requested or not	14	21	42	56	yes
issue to depositor a general information brochure, annually, whether requested or not	0	3	4	0	(a)
review other services offered by bank to determine if customer has another current account	27	31	35	31	no
use other method	5	5	15	50	(a)

a/ Cannot determine statistical significance of differences from sample cases.

Table 16

Notification of customers that their accounts are escheated to the state

	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent which...					
mail notification to each account owner on first occurrence	40	36	48	54	yes
mail notification periodically	13	12	11	8	no
attempt to telephone each account owner	38	30	31	27	no
mail periodic account statements	26	23	19	19	no
post a general notice on dormant account policies in the bank lobby	4	3	4	7	(a)
have available a general information brochure not issued to depositors unless requested	0	1	2	2	(a)
issue to depositor a general information brochure at the time the account is opened, whether requested or not	3	9	14	23	yes
issue to depositor a general information brochure, annually, whether requested or not	1	0	0	1	(a)
review other services offered by bank to determine if customer has another current account	18	28	25	36	no
use other method	27	19	30	55	yes

a/Cannot determine statistical significance of differences from sample cases.

Table 17

Number of years records are retained when dormant account balance reduced to zero by service charges

Percent distribution	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Total	100	100	100	100	yes
5 years or less	13	15	12	15	
6 or 7 years	13	16	17	32	
8 to 10 years	16	12	11	14	
11 to 25 years	4	4	6	14	
Indefinitely	55	53	54	24	

Table 18

Number of years records are retained when dormant account has been escheated to the State

Percent distribution	Size of bank assets				Statistically significant difference
	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Total	100	100	100	100	no
5 years or less	8	4	9	7	
6 or 7 years	17	15	11	14	
8 to 10 years	10	7	8	10	
11 to 25 years	5	12	11	14	
Indefinitely	60	62	62	55	

BROAD CATEGORIZATIONS OF BANK POLICIES

The tables in this appendix combine individual elements of bank's policies into broad categories in ways specifically requested by subcommittee staff. Refund policy and experience and customer notification methods are among the aspects of dormant account policy included. Notes in each table define the categories.

Table A

Types of dormant accounts service charged

	Size of bank assets					Statistically significant difference
	Total	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent distribution						(a)
Total	100	100	100	100	100	
Service charge...						
neither savings accounts, nor checking accounts	48	56	43	39	55	
savings accounts, but not checking accounts	9	8	10	13	15	
checking accounts, but not savings accounts	13	12	15	9	7	
both savings accounts and checking accounts	26	19	30	39	23	
unknown(note b)	3	6	2	1	1	

a/Cannot determine statistical significance of differences from sample cases.

b/In this table, banks which do not classify a particular type of account as dormant/inactive, are presumed not to service charge that type of account. Banks which do classify either type of account as dormant/inactive, but failed to answer whether they apply inactivity service charges to that type of account, are in the "unknown" category.

Table B

Bank policy on refunding service charges on dormant savings accounts

	Size of bank assets					Statistically significant difference
	Total	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent distribution						no
Total	100	100	100	100	100	
On request	67	61	76	57	59	
At bank's discretion	20	25	15	21	29	
Other	0	0	0	0	0	
Seldom, if ever	14	14	10	23	12	

a/ Cannot determine statistical significance of differences from sample cases.

Note: This table is limited to banks which service charge dormant savings accounts and which answered question 15 concerning refund policy. (See app. IV.) If any of boxes 1 through 5 was checked, the bank is in the "on request" category. If none of the boxes 1 through 5 was checked, but box 6 was checked, the bank is in the "at bank's discretion" category. If none of the boxes 1 through 6 was checked, but box 7 was checked, the bank is in the "other" category. If only box 8 was checked, the bank is in the "seldom, if ever" category.

Table C

Bank policy on refunding service charges on dormant checking accounts

	Size of bank assets					Statistically significant difference
	Total	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent distribution						(a)
Total	100	100	100	100	100	
On request	47	49	46	47	48	
At bank's discretion	32	33	31	33	26	
Other	1	0	1	2	7	
Seldom, if ever	20	18	21	18	19	

a/ Cannot determine statistical significance of differences from sample cases.

Note: This table is limited to banks which service charge dormant savings accounts and which answered question 38 concerning refund policy. (See app. IV.) If any of boxes 1 through 5 was checked, the bank is in the "on request" category. If none of the boxes 1 through 5 was checked, but box 6 was checked, the bank is in the "at bank's discretion" category. If none of the boxes 1 through 6 was checked, but box 7 was checked, the bank is in the "other" category. If only box 8 was checked, the bank is in the "seldom, if ever" category.

Table D

Ratio of number of refunds to number of dormant savings accounts service charged
by bank policy on refunding service charges

	Refund policy					Statistically significant difference
	Total	On request	At bank's discretion	Other	Seldom, if ever	
Percent distribution						(a)
Total	100	100	100	(b)	100	
Zero	25	14	36		58	
Up to 10 percent	16	18	18		7	
10.1 to 25 percent	11	13	6		7	
Greater than 25 percent	6	6	1		10	
Unknown	43	49	40		19	

a/Cannot determine statistical significance of differences from sample cases.

b/No banks in this category.

Note: This table is limited to banks which service charge dormant savings accounts, which answered the question on refund policy, and which gave an estimate other than "zero" for the number of accounts incurring service charges during 1981. (See app. IV, questions 9, 13, and 15.) The ratio of refunds to service charges is the answer to question 16 expressed as a percent of the answer to question 13. Banks which did not answer question 16 are in the "unknown" category. The refund policy categories are the same as in Table B.

Table E

Ratio of number of refunds to number of dormant checking accounts service charged
by bank policy on refunding service charges

	Refund policy					Statistically significant difference
	Total	On request	At bank's discretion	Other	Seldom, if ever	
Percent distribution						(a)
Total	100	100	100	100	100	
Zero	37	31	38	0	53	
Up to 10 percent	6	5	9	0	5	
10.1 to 25 percent	12	15	6	38	10	
Greater than 25 percent	1	1	0	0	0	
Unknown	44	47	47	62	32	

a/Cannot determine statistical significance of differences from sample cases.

Note: This table is limited to banks which service charge dormant checking accounts, which answered the question on refund policy, and which gave an estimate other than "zero" for the number of accounts incurring service charges during 1981. (See app. IV, questions 32, 36, and 38.) The ratio of refunds to service charges is the answer to question 39 expressed as a percent of the answer to question 36. Banks which did not answer question 39 are in the "unknown" category. The refund policy categories are the same as in Table C.

Table F

Notification methods when an account incurs inactivity service charges

	Size of bank assets					Statistically significant difference
	Total	Less than \$25 million	\$25 million to \$99.9 million	\$100 million to \$999.9 million	\$1 billion or more	
Percent distribution						(a)
Total	100	100	100	100	100	
Personal notice	83	88	79	79	73	
General notice	4	5	2	8	11	
Other methods	3	2	5	2	2	
No systematic method	10	6	14	11	14	

a/ Cannot determine statistical significance of differences from sample cases.

Note: This table is limited to banks which answered question 46 on notification methods. (See app. IV.) If any of boxes 1 through 4 was checked, the bank is in the "Personal notice" category. If none of the boxes 1 through 4 was checked, but any of boxes 5 through 8 was checked, the bank is in the "General notice" category. If none of the boxes 1 through 8 was checked, but box 9 or 10 was checked, the bank is in the "Other methods" category. If only box 11 was checked, the bank is in the "No systematic method" category.

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT OPERATIONS
SUBCOMMITTEE ON COMMERCE,
CONSUMER, AND MONETARY AFFAIRS

**POLICIES AND PRACTICES FOR HANDLING DORMANT ACCOUNTS:
A SURVEY OF BANKS**

INTRODUCTION

The purpose of this survey is to determine the banking industry's policies and practices for handling dormant savings and checking accounts. This survey is being conducted by the Commerce, Consumer, and Monetary Affairs Subcommittee of the House Government Operations Committee. The questionnaire should be answered by the president or chief executive officer or his or her designee. The person answering the questionnaire should be familiar with the bank's policies and practices on dormant accounts and should speak for the bank.

Specifically, we need information on your policies for classifying dormant accounts, for determining service charges and interest accruals, and for depositor notices and closed account records. Most of this is information that a knowledgeable bank officer will have readily available and that the bank would generally provide to any customer who inquires. (Note: we want to know about your bank's **own** policies and practices, not the requirements of your state's abandoned property law.)

We also need certain numerical information, such as the number and total dollar amount of accounts in dormant status. It could take an hour or two to gather this kind of information, depending on the compatibility of our request with your accounting procedures and availability of records. We suggest that you read the entire form first so you will have a general idea of what is to be asked of you, with whom you will need to consult, and what types of information you will need from your banking and computer records. We have tried to keep to a minimum questions which require you to refer to your records and we hope you can provide these data. However, if the information is not available without undue cost and burden, please state this and proceed to the next question.

The questionnaire first asks about dormant or inactive savings accounts and then asks similar questions about checking accounts. We are interested in **passbook and statement savings accounts** without a fixed term; please exclude time deposits and certificates of deposit. We are also interested in all types of personal checking accounts; please include NOW accounts as checking accounts for this questionnaire. Please exclude cashier's checks and dividend and trust accounts. If you have different policies for different types of accounts, give the policy for your **predominant** type of account.

To encourage frank and honest responses, we have made the questionnaire anonymous. There is nothing in this form that can identify how you or any other bank responded. We ask that you mail back a postcard indicating that you have completed your questionnaire. We need these cards returned so we can remind those who do not answer. No one can associate the number on the card with the questionnaire.

Please complete the questionnaire and mail it back in the pre-addressed stamped envelope within 10 business days after receiving this request. Also, do not forget to mail the enclosed postcard telling us that you have completed your questionnaire. **Do not return the card in the envelope with the questionnaire.** This card goes to a different address.

If you have any questions, please call Don Tucker, chief economist for the subcommittee, at (202) 225-4407.

Thank you for your cooperation.

SAVINGS ACCOUNTS

CLASSIFICATION OF ACCOUNTS

1. Does your bank classify savings accounts as inactive or dormant because there was no customer-generated contact within a certain period of time? (5)
 1. Yes (Continue to Question 2)
 2. No (Skip to Question 24)

2. How many years after the last customer-generated contact does a savings account enter inactive status? (6-9)

_____ years

 Not applicable (term "inactive" not used)

3. How many years after the last customer-generated contact does a savings account enter dormant status? (10-13)

_____ years

 Not applicable (term "dormant" not used)

4. How many years after the last customer-generated contact does your state law require that a savings account be considered abandoned property and transferred to the State? (14-17)

_____ years

 Not applicable (no state law concerning escheat of savings accounts)

5. How does your treatment of inactive or dormant savings accounts differ from your treatment of active accounts? (Check all that apply.)

For inactive/dormant accounts, we . . .

- 1. maintain records in a separate file (18)
- 2. require dual control on account withdrawals (19)
- 3. require dual control on account deposits (20)
- 4. require bank officer approval of withdrawals (21)
- 5. require bank officer approval of deposits (22)
- 6. place inactivity service charge on account (23)
- 7. discontinue accrual of interest (24)
- 8. remove signature card from active file (25)
- 9. use special code or account number (26)
- 10. Other (specify) _____ (27)

6. On December 31, 1981, how many inactive or dormant savings accounts did you have? (28-32)

_____ (Number of dormant savings accounts)

7. If possible, estimate the percentage of your total savings accounts that were inactive or dormant on December 31, 1981. (Approximations are good enough.) (33-34)

_____ (% of total savings accounts that were inactive or dormant)

8. On December 31, 1981, what was the total dollar value of these inactive or dormant savings accounts? (35-41)

\$ _____ (Total dollar value of dormant savings accounts)

SERVICE CHARGES

9. Do you ever place an inactivity service charge on passbook or statement savings accounts because they are inactive or dormant? (42)

- 1. Yes (Continue to Question 10)
- 2. No (Skip to Question 17)

10. For those types of inactive or dormant savings accounts on which you place an inactivity service charge, which of the following best describes your bank's policy? (Check one.) (43)

- 1. Place a service charge on all or nearly all accounts because they are dormant, regardless of size } (Skip to Q. 12)
- 2. Place a service charge on only those dormant accounts that are below a certain minimum. } (Continue to Q. 11)

11. What is the minimum size an inactive or dormant savings account must be to avoid incurring an inactivity service charge? (44-47)

\$ _____ (Minimum dollar value a savings account must be to avoid an inactivity service charge.)

12. What is the monthly inactivity service charge placed on an inactive or dormant savings account? (Pro-rate to a monthly basis if other periods longer than a month are used. If the amount of the service charge is dependent on the size of the account, please explain how you determine the amount of the service charge.) (48-51)

_____ (Monthly service charge or explain how you determine service charge.)

13. During 1981, how many inactive or dormant savings accounts incurred inactivity service charges? (52-56)

_____ (Number of dormant savings accounts incurring service charges.)

14. During 1981, what was the total dollar value of the inactivity service charges on savings accounts? (57-62)

\$ _____ (Total dollar value of dormant savings account service charges.)

15. What is the bank's general policy on refunding service charges resulting from a savings account's inactive or dormant status? (Check all that apply.)

Refund service charge . . .

- 1. if requested by depositor (63)
- 2. if requested by heir or estate (64)
- 3. if account is reactivated (65)
- 4. if depositor claims the account (66)
- 5. if the depositor's heir or estate claims the account (67)
- 6. at the discretion of bank officer (68)
- 7. Other (specify) _____ (69)
- 8. None of the above (Service charges for dormant accounts are seldom, if ever, refunded.) (70)

16. During 1981, how many times did you refund service charges on inactive or dormant savings accounts? (71-74)

_____ (Number of times service charge refunds made on savings accounts.)

Don't know

DISCONTINUANCE OF INTEREST

17. Do you ever discontinue accrual of interest on passbook or statement savings accounts because they are inactive or dormant? (16-17)

- 1. Yes (Continue to Question 18) (18)
- 2. No (Skip to Question 24)

18. For those inactive or dormant savings accounts on which you discontinue interest, which of the following best describes your bank's policy? (Check one.) (18)

- 1. Discontinue accrual of interest on all or nearly all accounts because they are dormant, regardless of size (Skip to Q. 20)
- 2. Discontinue accrual of interest on only those dormant accounts that are below a certain minimum. (Continue to Q. 19)

19. What is the minimum size an inactive or dormant savings account must be to avoid a discontinuance of interest because it is dormant? (19)

\$ _____ (Minimum size savings account must be to avoid a discontinuance of interest because it is dormant.)

20. On December 31, 1981, how many inactive or dormant savings accounts were not accruing interest because of their dormant status? (20)

_____ (Number of savings accounts not accruing interest because of dormant status.)

21. On December 31, 1981, what was the total dollar value of savings accounts which were not accruing interest because of their inactive or dormant status? (21)

\$ _____ (Total dollar value of savings accounts not accruing interest because of dormant status.)

22. Under what conditions, if any, does the bank reinstate retroactively all interest accruals that were discontinued because a savings account became inactive or dormant? (Check all that apply.)

Reinstate interest retroactively . . .

- 1. if requested by depositor (22)
- 2. if requested by heir or estate (23)
- 3. if account is reactivated (24)
- 4. if depositor claims the account (25)
- 5. if the depositor's heir or estate claims the account (26)
- 6. at the discretion of bank officer (27)
- 7. Other (specify) _____ (28)
- 8. None of the above (interest accruals for dormant accounts are seldom, if ever, reinstated retroactively) (29)

23. During 1981, how many times did you retroactively reinstate interest accruals on dormant savings accounts? (30)

_____ (Number of times interest reinstated on savings accounts)

Don't know

The next questions deal with CHECKING accounts.

CHECKING ACCOUNTS

REMEMBER: For this questionnaire, include NOW accounts as checking accounts.

CLASSIFICATION OF ACCOUNTS

24. Does your bank classify checking accounts as inactive or dormant because there was no customer-generated contact within a certain period of time? (26)

- 1. [] Yes (Continue to Question 25)
2. [] No (Skip to Question 47)

25. How many years after the last customer-generated contact does a checking account enter inactive status? (37-40)

_____ years
[] Not applicable (term "inactive" not used)

26. How many years after the last customer-generated contact does a checking account enter dormant status? (41-44)

_____ years
[] Not applicable (term "dormant" not used)

27. How many years after the last customer-generated contact does your state law require that a checking account be considered abandoned property and transferred to the State? (45-48)

_____ years
[] Not applicable (no state law concerning escheat of checking accounts)

28. How does your treatment of inactive or dormant checking accounts differ from your treatment of active accounts? (Check all that apply.)

For inactive/dormant accounts, we . . .

- 1. [] maintain records in a separate file (49)
2. [] require dual control on account withdrawals (50)
3. [] require dual control on account deposits (51)
4. [] require bank officer approval of withdrawals (52)
5. [] require bank officer approval of deposits (53)
6. [] place inactivity service charge on accounts (54)
7. [] discontinue accrual of interest (55)
8. [] remove signature card from active file (56)
9. [] use special code or account number (57)
10. [] Other (Specify) _____ (58)

29. On December 31, 1981, how many inactive or dormant checking accounts did you have? (59-62)

_____ (Number of dormant checking accounts)

30. If possible, estimate the percentage of your total checking accounts that were inactive or dormant on December 31, 1981. (Approximations are good enough.) (64-65)

_____ (% of total checking accounts that were inactive or dormant)

31. On December 31, 1981, what was the total dollar value of these inactive or dormant checking accounts? (66-72)

\$ _____ (Total dollar value of dormant checking accounts)

SERVICE CHARGES

32. Do you ever place an inactivity service charge on any checking accounts because they are inactive or dormant? (73)

- 1. [] Yes (Continue to Question 33)
2. [] No (Skip to Question 40)

33. For those checking accounts on which you place an inactivity service charge, which of the following best describes your bank's policy? (Check one) (74)

- 1. [] Place a service charge on all or nearly all accounts because they are dormant, regardless of size. (Skip to Q. 35)
2. [] Place a service charge on only those dormant accounts that are below a certain minimum. (Continue to Q. 34)

34. What is the minimum size an inactive or dormant checking account must be to avoid incurring an inactivity service charge? (75-78)

\$ _____ (Minimum dollar value a checking account must be to avoid an inactivity service charge.)

35. What is the monthly inactivity service charge placed on an inactive or dormant checking account? (Pro-rate to a monthly basis if other periods longer than a month are used. If the amount of the service charge is dependent on the size of the account, please explain how you determine the amount of the service charge.) (80-83)

_____ (Monthly service charge)
or
_____ explain how you determine service charge.

36. During 1981, how many inactive or dormant checking accounts incurred inactivity service charges? (9-13)

_____ (Number of dormant checking accounts incurring inactivity service charges)

37. During 1981, what was the total dollar value of the inactivity service charges on checking accounts? (4-19)

\$ _____ (Total dollar value of dormant checking account service charges)

38. What is the bank's general policy on refunding service charges resulting from a checking account's inactive or dormant status? (Check all that apply.)

Refund service charge . . .

- 1. if requested by depositor (20)
- 2. if requested by heir or estate (21)
- 3. if the account is reactivated (22)
- 4. if the depositor claims the account (23)
- 5. if the depositor's heir or estate claims the account (24)
- 6. at the discretion of bank officer (25)
- 7. Other (Specify) _____ (26)

8. None of the above (service charges for dormant accounts are seldom, if ever, refunded) (27)

39. During 1981, how many times did you refund service charges on inactive or dormant checking accounts? (28-32)

_____ (Number of times service charge refunds made on checking accounts)

Don't know

DISCONTINUANCE OF INTEREST

40. Do you ever discontinue accrual of interest on interest-bearing checking accounts because they are inactive or dormant? (33)

- 1. Yes (Continue to Question 41)
- 2. No (Skip to Question 47)

41. For those inactive or dormant checking accounts on which you discontinue interest, which of the following best describes your bank's policy? (Check one.) (34)

- 1. Discontinue accrual of interest on all or nearly all accounts because they are dormant, regardless of size. } (Skip to Q. 43)
- 2. Discontinue accrual of interest on only those dormant accounts that are below a certain minimum. } (Continue to Q. 42)

42. What is the minimum size an inactive or dormant checking account must be to avoid a discontinuance of interest because it is dormant? (35-38)

\$ _____ (Minimum size interest-bearing checking account must be to avoid a discontinuance of interest because it is dormant.)

43. On December 31, 1981, how many inactive or dormant checking accounts were not accruing interest because of their dormant status? (39-43)

_____ (Number of interest-bearing checking accounts not accruing interest because of dormant status.)

44. On December 31, 1981, what was the total dollar value of checking accounts which normally would accrue interest but which were not accruing interest because of their inactive or dormant status? (44-50)

\$ _____ (Total dollar value of checking accounts not accruing interest because of dormant status.)

45. Under what conditions, if any, does the bank reinstate retroactively all interest accruals that were discontinued because a checking account became inactive or dormant? (Check all that apply.) (51)

Reinstate interest retroactively . . .

- 1. if requested by depositor (52)
- 2. if requested by heir or estate (53)
- 3. if account is reactivated (54)
- 4. if depositor claims the account (55)
- 5. if the depositor's heir or estate claims the account (56)
- 6. at the discretion of bank officer (57)
- 7. Other (Specify) _____ (58)
- 8. None of the above (interest accruals for dormant accounts are seldom, if ever, reinstated retroactively) (59)

46. During 1981, how many times did you retroactively reinstate interest accruals on inactive or dormant checking accounts? (55-63)

_____ (Number of times interest reinstated on checking accounts)

Don't know

The next questions deal with both SAVINGS and CHECKING accounts.

**SAVINGS AND CHECKING ACCOUNTS:
NOTIFICATION AND RECORD RETENTION**

47. How does your bank attempt to locate and notify the customer when an account is placed in inactive or dormant status? *(Check all that apply.)*

- 1. Mail notification to each account owner on first occurrence (1)
- 2. Mail notification periodically (2)
- 3. Attempt to telephone each account owner (3)
- 4. Mail periodic account statements (4)
- 5. Post a general notice on dormant account policies in the bank lobby (5)
- 6. Have available a general information brochure not issued to depositors unless requested (6)
- 7. Issue to depositor a general information brochure at the time the account is opened, whether requested or not (7)
- 8. Issue to depositor a general information brochure, annually, whether requested or not (8)
- 9. Review other services offered by bank to determine if customer has another current account (9)
- 10. Other *(Specify)* _____ (10)
- 11. Have no systematic method for notification (11)
- 12. Not applicable (12)

48. How does your bank attempt to locate and notify the customer that an account is incurring inactivity service charges? *(Check all that apply.)* Card 4

- 1. Mail notification to each account owner on first occurrence (1)
- 2. Mail notification periodically (2)
- 3. Attempt to telephone each account owner (3)
- 4. Mail periodic account statements (4)
- 5. Post a general notice on dormant account policies in the bank lobby (5)
- 6. Have available a general information brochure not issued to depositors unless requested (6)
- 7. Issue to depositor a general information brochure at the time the account is opened, whether requested or not (7)
- 8. Issue to depositor a general information brochure, annually, whether requested or not (8)
- 9. Review other services offered by bank to determine if customer has another current account (9)
- 10. Other *(Specify)* _____ (10)
- 11. Have no systematic method for notification (11)
- 12. Not applicable (12)

49. How does your bank attempt to locate and notify the customer that an interest-bearing account has had interest discontinued? *(Check all that apply.)*

- 1. Mail notification to each account owner on first occurrence (1)
- 2. Mail notification periodically (2)
- 3. Attempt to telephone each account owner (3)
- 4. Mail periodic account statements (4)
- 5. Post a general notice on dormant account policies in the bank lobby (5)
- 6. Have available a general information brochure not issued to depositors unless requested (6)
- 7. Issue to depositor a general information brochure at the time the account is opened, whether requested or not (7)
- 8. Issue to depositor a general information brochure, annually, whether requested or not (8)
- 9. Review other services offered by bank to determine if customer has another current account (9)
- 10. Other *(Specify)* _____ (10)
- 11. Have no systematic method for notification (11)
- 12. Not applicable (12)

50. How does your bank attempt to locate and notify the customer that an account has been transferred to the State? *(Check all that apply.)*

- 1. Mail notification to each account owner on first occurrence (1)
- 2. Mail notification periodically (2)
- 3. Attempt to telephone each account owner (3)
- 4. Mail periodic account statements (4)
- 5. Post a general notice on dormant account policies in the bank lobby (5)
- 6. Have available a general information brochure not issued to depositors unless requested (6)
- 7. Issue to depositor a general information brochure at the time the account is opened, whether requested or not (7)
- 8. Issue to depositor a general information brochure, annually, whether requested or not (8)
- 9. Review other services offered by bank to determine if customer has another current account (9)
- 10. Other *(Specify)* _____ (10)
- 11. Have no systematic method for notification (11)
- 12. Not applicable (12)

51. What is your bank's policy on the number of years you retain records that would identify dormant account closures for each of the reasons listed below. (Answer by writing the number of years in the appropriate space. Write "less than 1" if records are not kept for a year. Write "indefinitely" if records are to be kept for an indefinite time period. Write "NA" if the reason is not applicable.)

REASON FOR DORMANT ACCOUNT CLOSURE	NO. OF YEARS RECORDS ARE RETAINED	
1. Balance reduced to zero by service charges		(41-43)
2. Balance conveyed to state under unclaimed property law		(44-46)
3. Depositor, heir, or estate withdraws funds		(47-49)
4. Other (Specify) _____ _____		(50-52)

SIZE OF BANK ASSETS

52. Please give us a general idea of the size of your bank's assets on December 31, 1981. (53)

- 1. Less than \$25 million
- 2. From \$25 million to less than \$100 million
- 3. From \$100 million to less than \$1 billion
- 4. \$1 billion or more

ADDITIONAL COMMENT

53. If you have additional information which you feel is relevant to any of the preceding questions, or if you have comments about questions we should have asked but did not, please feel free to express your views below. (54)

We appreciate your answers and comments.

Please return the questionnaire in the pre-addressed, postage-paid envelope to:

Mr. Kopp Michelotti
 U.S. General Accounting Office
 Room 3826
 441 G Street, N.W.
 Washington, D.C. 20548

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