Understanding the new bank nomination amendment

The recently proposed amendment now allows you to have 4 nominations in your bank.

What was the previous rule?

Bank accounts (savings/fixed deposits/recurring deposits): Only **1** nominee allowed.

Problems with previous rules: Single nominee

- ▶ Assets couldn't be transferred if the nominee predeceased the account holder.
- ▶ Legal delays arose without a secondary nominee or will.
- ▶ Unclaimed assets were transferred to DEAF* after 10 years.
- ▶ Caused family disputes and confusion.

What does the amendment say?

Bank accounts: Up to **4** nominees, with 2 options:

Joint nomination: Assign specific ratio (example, 50% to wife, 30% to son, 20% to daughter).

Successive nomination: Assets pass to the next nominee if the previous nominee is deceased (example, wife → son → daughter).

Need for uniform nomination rules

Current issue: Different formats across financial assets.

Asset	Nominees allowed
MF	3
Demat	3
Insurance	3
Bank	4

Solution:

- ▶ Standardize nominations across all products.
- ▶ Uniform rules will streamline inheritance and asset transfer to heirs.

*DEAF: Depositor Education and Awareness Fund

CASE STUDY

Previous rule

Mr. A has a bank account with 1 nominee (his son). → Mr. A passes away, but his son passed away years earlier. → The bank cannot release funds easily, causing legal disputes and delays for the family.

New rule: Mr. A appoints 3 nominees: his wife, son and daughter.

Option 1:
Successive nomination:

If Mr. A passes away, the wife inherits **100%** of the assets.

If the wife is not alive, the son inherits. If both are deceased, the daughter inherits.

Option 2:
Joint nomination:

Assets are divided as per the specified ratio: Wife **(50%)**, son **(25%)**, daughter **(25%)**

If a nominee dies, his or her share will be redistributed according to the applicable ratios.