

Know Your Customers Guidelines Rures & Regulations Of RBI

Objectives of KYC Norms :

(a) Banking operations are susceptible to the risks of money laundering and terrorist financing. In order to arrest money laundering, where banks are mostly used in the process, it is imperative that they know their customers well.

(b) On combating financing of terrorism, RBI has specified certain standards based on which our Bank has formulated a policy on identification and acceptance of customers to have a business relationship with us. Our branches are required to prepare and maintain documentation on their customer relationships and transactions to meet the provisions of the Prevention of Money Laundering Act and other laws and regulations.

(c) RBI has issued the KYC guidelines under Section 35 (A) of the Banking Regulation Act, 1949 and any contravention of the same will attract penalties under the relevant provisions of the Act. Thus, the Bank has to be fully compliant with the provisions of the KYC procedures.

(d) The due diligence expected under KYC involves going into the purpose and reasons for opening an account, anticipated turnover in the account, sources of wealth (net worth) of the person opening the account and sources of funds flowing into the account.

Customer Acceptance

(a) Before commencing a business relationship with a prospective customer, the Bank has to ensure that such a relationship does not, in any way, go against its Customer Acceptance principles viz.,

(I) No account is opened in anonymous or fictitious/ benami name(s) and

(II) Customers are categorized based on risk perceptions in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status, etc.

(b) A Customer Profile (in the prescribed format) containing information relating to the customer's social/ financial status, nature of business activity, information about his clients' business and their location, Sources of funds, Annual Income, etc. shall be obtained from/prepared for all the applicants for opening SB/CA/ Term deposits accounts.

Customer Identification

Customer identification means identifying the customer and verifying his/her/its identity by using reliable, independent source documents, data or information.

(1) Any person fulfilling account opening requirements may, upon agreeing to comply with the prescribed rules, as mentioned hereunder, open a Savings Bank Account, provided she/he furnishes proof of identity and proof of address as required by the bank. The Applicant will need to furnish proof of identity and proof of address by way of the following:

(A) Proof of identity (any one of the following with authenticated photograph thereon):

- (a) Passport.
- (b) Voter ID card.
- (c) Govt. / Defence ID card.
- (d) ID cards of reputed employers.
- (e) Driving Licenses.
- (f) Letter from a recognized Public Authority / Public Servant / Pradhan.
- (g) Aadhar Card

(B) Proof of current address (any one of the following):

- (a) Ration card.
- (b) Credit card statement.
- (c) Salary slip.
- (d) Income / Wealth tax assessment order.
- (e) Electricity bill.
- (f) Telephone bill.
- (g) Statement of bank account.
- (h) Letter from reputed employer.
- (i) Letter from any recognized authority.
- (j) Aadhar Card

Rejection of Applications for Opening Accounts

Where the Bank is unable to apply appropriate customer due diligence measures i.e. unable to verify the identity and/or obtain documents required as per the risk categorization due to non-cooperation of the customer or the data/information furnished to the bank is not reliable, it may take a decision not to open the account.

Furnishing of Photographs

While tendering applications for opening SB/Current accounts in the names of Individuals/Sole Proprietary concerns, two copies of latest passport size colour photographs should be furnished. In case of joint accounts, Accounts of Partnerships, Limited Companies, Clubs, Associations, Societies, Trust, Institutions,

etc. the photographs of person(s)/official(s) who are authorized to operate the account and in case of HUF, the photograph of the Karta should be provided. In case of Term Deposits, one copy of photograph shall be obtained provided the depositor does not have a Savings or Current account with the branch. The above provisions cover all categories of depositors including non-residents.

Introduction of Accounts to the Bank

It is essential that the introducer should know fully well the prospective account holder whom he / she is introducing for a sufficiently long time. The introducer should be in a position to identify or be able to give more particulars about the account holder from his personal knowledge, when there arises any occasion at a later date. A dialogue or enquiry with the introducer is had so that he / she could be informed of his responsibility and the implications of introducing an account. In respect of accounts introduced by employees of other branches or where the introducer was not present while introducing the customer at the time of opening the account, no cheque/draft shall be collected till a confirmation of being introduced the account is received.

Relaxed KYC Procedure

Relaxed KYC procedure refers to acceptance of an introduction in lieu of full KYC procedure subject to certain conditions prescribed. This relaxation is applicable for Low Income Group customers, individuals falling under the 'No frill' category, persons affected by natural calamities like floods, cyclone, tsunami, etc. Low Income group customers are those who keep balances not exceeding Rs. 50000 in all their accounts (FDR / CA / SB) taken together and the total credit summation in all the accounts taken together is not expected to exceed.

Closure of Accounts on Account of Non-Cooperation from the Customer

If the Bank is not able to adhere to the KYC norms in a particular account due to non-co-operation by the customer or non-reliability of the data / information furnished to the Bank, it may close the account, after giving due notice to the customer explaining the reasons for such a decision.

Note

The officer responsible for opening of accounts should scrutinize the originals of the photo ID/address documents and satisfy himself / herself about the prima facie authenticity of the same. Photocopies of these documents should be authenticated by the officer and kept along with the account opening form.