

Gist of Know Your Customer [KYC] Norms

1. Objectives of KYC Norms

1.1 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.

1.2 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.

1.3 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.

1.4 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.

2. Customer Acceptance

2.1 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 categorised 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.

2.2 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.

2.3 Customer profile shall be updated, on a periodical basis.

3. Customer Identification

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

3.2 Customer Identification is carried out at different stages i.e., while establishing a banking relationship, carrying out a financial transaction or when the branch has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data.

3.3 For opening an account, normally, the customer should come to the Bank in person. However customer can open account through V-CIP also.

3.4 Branches need to obtain sufficient information to their satisfaction, to establish the identity of each new customer, whether regular or occasional and the purpose of the intended nature of banking relationship.

3.5 The process of enquiry/verification of the documents shall be a thorough one by having a dialogue with the prospective depositor and confirmation through other channels, if necessary. Wherever it is necessary, a discreet verification shall also be made about the credentials of the parties, their business potential etc.

3.6 The process of verifying a customer's identity and his/her credentials is not a fault finding exercise but to create a better customer relationship that may safeguard the mutual interests of the Bank as well as the customer.

4. Documents to be submitted by customers for opening of accounts

4.1 Branches shall ask for documents to verify

- a. the identity of the customer, his/her address, location and
- b. his/her recent photograph.

4.2 For account of **Individual customer any of the Officially Valid Documents (OVD)** are accepted:

- (1) Passport
- (2) Driving Licence
- (3) Proof of possession of Aadhaar number
- (4) Voter's Identity Card issued by the Election Commission of India
- (5) Job card issued by NREGA duly signed by an officer of the State Government
- (6) Letter issued by the National Population Register containing details of name and address.

4.3 Where the OVD furnished by the customer does not have updated address, the following documents or the equivalent e-documents thereof shall be deemed to be OVDs for the limited purpose of proof of address: -

- a. Utility bill which is not more than two months old of any service provider (Electricity, Telephone, Post-paid mobile phone, Piped gas, Water bill);
- b. Property or Municipal tax receipt;
- c. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- d. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;

4.4 The customer shall submit OVD with current address within a period of three months of submitting the documents specified at '4.3' above.

4.5 Where the OVD presented by a foreign national does not contain the details of address, in such case the documents issued by the Government departments of foreign jurisdictions and letter issued by the Foreign Embassy or Mission in India shall be accepted as proof of address.

Note: Original should be produced for verification and copy, duly attested by the verifying official, shall be kept along with the account opening form.

4.6 For customers who are **Legal Persons or Entities** (i.e., other than individuals), branches shall verify the legal status of the legal person/entity through proper and relevant documents

- a. verify that any person(s) purporting to act on behalf of the legal person/entity is duly authorised and such person(s) is/are properly identified by calling for documents
- b. understand the ownership and control structure of the customer and determine those natural persons who ultimately control the legal person.

5. Quoting of PAN

5.1 As per clause (C) of rule 114B of the Income Tax Rules 1962, it is mandatory for the customers to quote the **PAN (Permanent Account Number) or GIR (General Index Register) Number**, in the account opening forms pertaining to Term deposits exceeding Rs.50,000 and for opening an account of all other types.

5.2 In case PAN or GIR Number has not been allotted or the person is not an Income Tax assessee, a declaration in Form No.60 or 61, as the case may be, should be given to the Bank.

6. Furnishing of Photographs

6.1 While tendering applications for opening SB/Current accounts in the names of Individuals/Sole Proprietary concerns, two copies of latest passport size photographs should be furnished.

6.2 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 authorised to operate the account and in case of HUF, the photograph of the Karta should be provided.

6.3 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.

7. 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 categorisation 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.

8. KYC norms for Remittances within India

8.1 Issue and payment of travellers cheques, demand drafts, mail transfers, telegraphic transfers, electronic funds transfers and other remittances of Rs.50,000 and above could be made only by debit/credit to customers' accounts or against cheques and ***not against cash***.

8.2 Further, the applicants (whether customers or not) for the above transactions for amount of Rs.50,000 and above should furnish PAN (Permanent Account Number allotted by Income Tax Authorities) on the applications.

9. Closure of accounts on account of non-cooperation from the customer

9.1 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.