

DIGITAL KYC PROCESS

- i. The RE (Banks, FIs etc) shall develop an application for digital KYC process which shall be made available at customer touch points for undertaking KYC of their customers and the KYC process shall be undertaken only through this authenticated application of the REs.
- ii. The access of the Application shall be controlled by the REs and it should be ensured that the same is not used by unauthorized persons. The Application shall be accessed only through login-id and password or Live OTP or Time OTP controlled mechanism given by REs to its authorized officials.
- iii. The customer, for the purpose of KYC, shall visit the location of the authorized official of the RE or vice-versa. The original OVD shall be in possession of the customer.
- iv. The RE must ensure that the Live photograph of the customer is taken by the authorized officer and the same photograph is embedded in the Customer Application Form (CAF). Further, the system Application of the RE shall put a water-mark in readable form having CAF number, GPS coordinates, authorized official's name, unique employee Code (assigned by REs) and Date (DD:MM:YYYY) and time stamp (HH:MM:SS) on the captured live photograph of the customer.
- v. The live photograph of the customer and his original documents shall be captured in proper light so that they are clearly readable and identifiable.
- vi. All the entries in the CAF shall be filled as per the documents and information furnished by the customer. In those documents where Quick Response (QR) code is available, such details can be auto-populated by scanning the QR code instead of manual filing the details. For example, in case of physical Aadhaar/e-Aadhaar downloaded from UIDAI where QR code is available, the details like name, gender, date of birth and address can be auto-populated by scanning the QR available on Aadhaar/e-Aadhaar.
- vii. Once the above mentioned process is completed, a One Time Password (OTP) message containing the text that 'Please verify the details filled in form before sharing OTP' shall be sent to customer's own mobile number. Upon successful validation of the OTP, it will be treated as customer signature on CAF. However, if the customer does not have his/her own mobile number, then mobile number of his/her family/relatives/known persons may be used for this purpose and be clearly mentioned in CAF. In any case, the mobile number of authorized officer registered with the RE shall not be used for customer signature. The RE must check that the mobile number used in customer signature shall not be the mobile number of the authorized officer.
- viii. The authorized officer shall provide a declaration about the capturing of the live photograph of customer and the original document. For this purpose, the authorized official shall be verified with One Time Password (OTP) which will be sent to his mobile number registered with the RE. Upon successful OTP validation, it shall be treated as authorized officer's signature on the declaration. The live photograph of the authorized official shall also be captured in this authorized officer's declaration.
- ix. Subsequent to all these activities, the Application shall give information about the completion of the process and submission of activation request to activation officer of the RE, and also generate the transaction-id/reference-id number of the process. The authorized officer shall intimate the details regarding transaction-id/reference-id number to customer for future reference.
- x. The authorized officer of the RE shall check and verify that:- (i) information available in the picture of document is matching with the information entered by authorized officer in CAF. (ii) live photograph of the customer matches with the photo available in the document.; and (iii) all of the necessary details in CAF including mandatory field are filled properly.;
- xi. On Successful verification, the CAF shall be digitally signed by authorized officer of the RE who will take a print of CAF, get signatures/thumb-impression of customer at appropriate place, then scan and upload the same in system. Original hard copy may be returned to the customer.

OBLIGATIONS UNDER INTERNATIONAL AGREEMENTS

REs shall ensure that in terms of Section 51A of the Unlawful Activities (Prevention) (UAPA) Act, 1967, they do not have any account in the name of individuals/entities appearing in the lists of individuals and entities, suspected of having terrorist links, which are approved by

and periodically circulated by the United Nations Security Council (UNSC). The details of the two lists are as under:

- (a) The '**ISIL (Da'esh) & Al-Qaida Sanctions List**', which includes names of individuals and entities associated with the Al-Qaida. The updated ISIL & Al-Qaida Sanctions List is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/rsources/xsl/en/al-qaida-r.xsl>
- (b) The '**1988 Sanctions List**', consisting of individuals (Section A of the consolidated list) and entities (Section B) associated with the Taliban which is available at <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban-r.xsl>.

In addition to the above, other UNSCRs circulated by the Reserve Bank in respect of any other jurisdictions/ entities from time to time shall also be taken note of. Details of accounts resembling any of the individuals/entities in the lists shall be reported to FIU-IND apart from advising Ministry of Home Affairs as required under UAPA notification dated Feb 2, 2021.

Obligations under Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005):

REs shall run a check, on the given parameters, at the time of establishing a relation with a customer and on a periodic basis to verify whether individuals and entities in the designated list are holding any funds, financial asset, etc., in the form of bank account, etc. In case of match, REs shall immediately inform the transaction details with full particulars of the funds, financial assets or economic resources involved to the Central Nodal Officer (CNO), designated as the authority to exercise powers under Section 12A of the WMD Act, 2005. A copy of the communication shall be sent to State Nodal Officer, where the account / transaction is held and to the RBI. REs shall file an STR with FIU-IND covering all transactions in the accounts, covered above, carried through or attempted.

MISCELLANEOUS

Period for presenting payment instrument: Payment of cheques/drafts/banker's cheques, if they are presented beyond the period of three months from the date of such instruments, shall not be made.

Collection of Account Payee Cheques: Account payee cheques for any person other than the payee constituent shall not be collected.

Money Mules: are used to launder the proceeds of fraud schemes by criminals who gains illegal access to deposit accounts by recruiting third parties. If it is established that an account opened and operated is that of a Money Mule, it shall be deemed that the bank has not complied with these directions

Unique Customer Identification Code: UCIC shall be allotted while entering into new relationship with individual customers as well as to existing customers.

Correspondent Bank: The banks through Board Approved policies shall lay down procedure for correspondent banks subject to following:

- i) Sufficient information in relation to the nature of business of the bank including information on management, major business activities, level of AML/CFT compliance, purpose of opening the account, identity of any third party entities that will use the correspondent banking services, and regulatory/supervisory framework in the bank's home country shall be gathered.
- ii) The responsibilities of correspondent bank and respondent bank shall be clearly documented
- iii) In the case of payable-through-accounts, the correspondent bank shall be satisfied that respondent bank has verified the identity of customers having direct access to the accounts.
- iv) The correspondent bank shall ensure that the respondent bank is able to provide the relevant customer identification data immediately on request.

Wire Transaction: All cross-border wire transactions shall be accompanied with accurate and meaningful originator information such as name, address account number etc. All domestic wire transfers of Rs 50,000 and above shall also be accompanied with information such as name, address, account number. Further, complete originator information shall be reserved for 5 years.

Customer Identification shall be made if a customer is intentionally structuring wire transfer below rupees fifty thousand to avoid reporting or monitoring. In case of non-cooperation from the customer, efforts shall be made to establish his identity and STR shall be made to FIU-IND.

Issue and Payment of Demand Drafts, etc.: Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment

Selling Third party products: the identity and address of the walk-in customer shall be verified for transactions above rupees fifty thousand. The transactions involving rupees fifty thousand and above shall be undertaken only by:

- Debit to customers' account or against cheques; and
- Obtaining and verifying the PAN given by the account based as well as walk-in customers.

CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR)

The REs shall capture customer's KYC records and upload onto CKYCR within 10 days of commencement of an account-based relationship with the customer.

Once KYC Identifier is generated by CKYCR, REs shall ensure that the same is communicated to the individual/LE as the case may be

Wire Transer: Advisory on Bank Guarantees for Checking email record and other modes for Confirmation of issuance of Bank Guarantees and FDRs

Issue and Payment of Demand Drafts, etc.: Any remittance of funds by way of demand draft, mail/telegraphic transfer/NEFT/IMPS or any other mode and issue of travelers' cheques for value of rupees fifty thousand and above shall be effected by debit to the customer's account or against cheques and not against cash payment. Further, the name of the purchaser shall be incorporated on the face of the demand draft, pay order, banker's cheque, etc., by the issuing bank. These instructions shall take effect for such instruments issued on or after September 15, 2018.

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