

KYC POLICY

Money Laundering and Terrorist Financing Risk Assessment by REs:

- (a) REs shall carry out 'Money Laundering (ML) and Terrorist Financing (TF) Risk Assessment' exercise periodically to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk for clients, countries or geographic areas, products, services, transactions or delivery channels, etc.
- (b) The risk assessment by the RE shall be properly documented and be proportionate to the nature, size, geographical presence, complexity of activities/structure, etc. of the RE. The periodicity of risk assessment exercise shall be determined by the Board of the RE, in alignment with the outcome of the risk assessment exercise. However, it should be reviewed at least annually.
- (c) The outcome of the exercise shall be put up to the Board or any committee of the Board to which power in this regard has been delegated, and should be available to authorities

The Four Key Elements of KYC Policy are

1. Customer Acceptance Policy;
2. Risk Management;
3. Customer Identification Procedures (CIP); and
4. Monitoring of Transactions

(i) Part A - Customer Acceptance Policy

The REs shall frame a Customer Acceptance Policy which ensures that:

- (a) No account is opened in anonymous or fictitious/benami name.
- (b) No account is opened where the RE is unable to apply appropriate CDD measures, either due to non-cooperation of the customer or non-reliability of the documents/information furnished
- (c) No transaction or account-based relationship is undertaken without following the CDD procedure.
- (d) The mandatory information to be sought for KYC purpose while opening an account and during the periodic updation is specified.
- (e) 'Optional'/additional information is obtained with the explicit consent of the customer after the account is opened.
- (f) REs shall apply the CDD procedure at the UCIC level. Thus, if an existing KYC compliant customer of a RE desires to open another account with the same RE, there shall be no need for a fresh CDD exercise.
- (g) CDD Procedure is followed for all the joint account holders, while opening a joint account.
- (h) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- (i) Suitable system is put in place to ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanctions lists circulated by Reserve Bank of India.
- (j) Where Permanent Account Number (PAN) is obtained, the same shall be verified from the verification facility of the issuing authority.
- (k) Where an equivalent e-document is obtained from the customer, RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000).

(ii) Part B- Risk Management: REs shall have a risk-based approach which includes the following:

- (a) Customers shall be categorised as low, medium and high-risk category, based on the assessment and risk perception of the RE.
- (b) Risk categorization shall be undertaken based on parameters such as customer's identity, social/financial status, nature of business activity and information about the clients' business and location etc. While considering customer's identity, the ability to confirm identity documents through online or other services offered by issuing authorities may be factored in.

(iii) Part C- Customer Identification Procedures (CIP): REs shall undertake identification of customers in the following cases;

- 1) Commencement of an account-based relationship with the customer.
- 2) When customer comes to Carrying out any international money transfer operations for

- a person who is not an account holder of the bank.
- 3) When there is a doubt about the authenticity or adequacy of the customer identification data it has obtained.
 - 4) Selling third party products as agents, selling their own products, payment of dues of credit cards/sale and reloading of prepaid/travel cards and any other product for more than rupees fifty thousand.
 - 5) Carrying out transactions for a non-account-based customer, that is a walk-in customer, where the amount involved is equal to or exceeds rupees fifty thousand, whether conducted as a single transaction or several transactions that appear to be connected.
 - 6) When a RE has reason to believe that a customer (account-based or walk-in) is intentionally structuring a transaction into a series of transactions below the threshold of rupees fifty thousand.
 - 7) REs shall ensure that introduction is not to be sought while opening accounts

(a) Customer due Diligence Procedure (CDDP):

How to complete Identification of a customer: The bank is required to obtain identification from an Individual;

- a. While establishing an account-based relationship or
- b. While dealing with the individual who is a beneficial owner, or authorized signatory or the power of attorney holder related to any legal entity.

The documents that Regulated Entities (banks/FIs etc.) are required to obtain are

- i) Aadhaar number: The banks shall obtain Aadhaar number from an individual who is desirous of receiving any benefit or subsidy or decides to submit his Aadhaar voluntarily or
 - The proof of possession of Aadhaar number where offline verification can be carried out; or
 - The proof of possession of Aadhaar number where offline verification cannot be carried out or any OVD or the equivalent e-document thereof containing the details of his identity and address; and
- ii) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- iii) such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required by the RE:

Verification of Documents:

- a) Aadhaar number: bank or RE shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India. Further, in such a case, if customer wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the RE.
- b) Proof of possession of Aadhaar where offline verification can be carried out, the RE shall carry out offline verification.
- c) An equivalent e-document of any OVD, the RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo.

Provided further that in case e-KYC authentication cannot be performed for an individual desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 owing to injury, illness or infirmity on account of old age or otherwise, and similar causes, REs shall, apart from obtaining the Aadhaar number, perform identification preferably by carrying out offline verification or alternatively by obtaining the certified copy of any other OVD or the equivalent e-document thereof from the customer. CDD done in this manner shall invariably be carried out by an official of the RE and such exception handling shall also be a part of the concurrent audit. REs shall ensure to duly record the cases of exception handling in a centralised exception database. The database shall contain the details of grounds of granting exception, customer details, name of the designated official authorising the exception and additional details, if any. The database shall be subjected to

periodic internal audit/inspection by the RE and shall be available for supervisory review.

Accounts opened with OTP authentication in case of non-face to face customer. The accounts shall be subject to following conditions:

- i) There must be specific consent from the customer for OTP verification
- ii) As a risk-mitigating measure for such accounts, REs shall ensure that transaction alerts, OTP, etc., are sent only to the mobile number of the customer registered with Aadhaar. REs shall have a board approved policy delineating a robust process of due diligence for dealing with requests for change of mobile number in such accounts.
- iii) The aggregate balance of all deposit account of shall not exceed Rs. 1.00 lakh
- iv) The aggregate credits in a financial year in all the accounts taken together shall not exceed Rs. 2.00 lakh.
- v) In case of borrowal accounts only *term loan* shall be sanctioned with aggregate not exceeding Rs. 60,000.00 a year.
- vi) Accounts, both deposit and borrowal, opened using OTP based e-KYC shall not be allowed for more than 1 year within which identification as given in CDDP (i) or V CIP as given below shall be completed.
- vii) If the CDD procedure as mentioned above is not completed within a year, in respect of deposit accounts, the same shall be closed immediately. In respect of borrowal accounts no further debits shall be allowed
- viii) Only one account shall be opened by OTP authentication. A Declaration shall be taken from customer that he has not opened or will open another account through OTP authentication.
- ix) The Re/Bank shall specifically mention while loading KYC data to CKYCR that account is opened on OTP based e KYC authentication and no other RE shall open account of such individual with OTP based e-KYC procedure in non-face-to-face mode.

V CIP. REs may undertake V-CIP to/for:

- 1) carry out CDD in case of new customer on-boarding for individual customers, proprietor in case of proprietorship firm, authorised signatories and Beneficial Owners (BOs) in case of Legal Entity (LE) customers.
Provided that in case of CDD of a proprietorship firm, REs shall also obtain the equivalent e-document of the activity proofs with respect to the proprietorship firm, as mentioned in Section 28, apart from undertaking CDD of the proprietor.
- 2) Conversion of existing accounts opened in non-face to face mode using Aadhaar OTP based e-KYC authentication as per Section 17.
- 3) Updation/Periodic updation of KYC for eligible customers.

REs opting to undertake V-CIP, shall adhere to the following minimum standards:

(I) V-CIP Infrastructure

- a. The technology infrastructure should be housed in own premises of the RE and the V-CIP connection and interaction shall necessarily originate from its own secured network domain.
- b. The RE shall ensure end-to-end encryption of data between customer device and the hosting point of the V-CIP applications. The customer consent should be recorded.
- c. The V-CIP infrastructure / application should be capable of preventing connection from IP addresses outside India or from spoofed IP addresses.
- d. The video recordings should contain the live GPS co-ordinates (geo-tagging) of the customer undertaking the V-CIP and date-time stamp. The quality of the live video in the V-CIP shall be adequate to allow identification of the customer beyond doubt.
- e. The application shall have components with face liveness / spoof detection as well as face matching technology with high degree of accuracy, even though the ultimate responsibility of any customer identification rests with the RE with use of Appropriate artificial intelligence (AI) technology.
- f. Any detected case of forged identity through V-CIP shall be reported as a cyber security event under extant regulatory guidelines.
- g. The V-CIP infrastructure shall undergo necessary tests such as Vulnerability Assessment, Penetration testing and a Security Audit to ensure its robustness and end-to-end encryption capabilities. Any critical gap reported under this process shall be mitigated before rolling out its implementation. Such tests should be conducted by

suitably accredited agencies as prescribed by RBI. Such tests should also be carried out periodically in conformance to internal / regulatory guidelines.

- h. The V-CIP application software and relevant APIs / webservices shall also undergo appropriate testing of functional, performance, maintenance strength before being used in live environment. Only after closure of any critical gap found during such tests, the application should be rolled out. Such tests shall also be carried out periodically in conformity with internal/ regulatory guidelines.

(II) V-CIP Procedure

- Each RE shall formulate a clear work flow and standard operating procedure for V-CIP and ensure adherence to it. The V-CIP process shall be operated only by officials of the RE specially trained for this purpose. The official should be capable to carry out liveness check and detect any other fraudulent manipulation or suspicious conduct of the customer and act upon it.
- Disruption of any sort including pausing of video, reconnecting calls, etc., should not result in creation of multiple video files. If pause or disruption is not leading to the creation of multiple files, then there is no need to initiate a fresh session by the RE. However, in case of call drop / disconnection, fresh session shall be initiated..
- The sequence and/or type of questions, including those indicating the liveness of the interaction, during video interactions shall be varied in order to establish that the interactions are real-time and not pre-recorded.
- Any prompting, observed at end of customer shall lead to rejection of the account opening process.
- The fact of the V-CIP customer being an existing or new customer, or if it relates to a case rejected earlier or if the name appearing in some negative list should be factored in at appropriate stage of work flow.
- The authorised official of the RE performing the V-CIP shall record audio-video as well as capture photograph of the customer present for identification and obtain the identification information using any one of the following:
 - OTP based Aadhaar e-KYC authentication
 - Offline Verification of Aadhaar for identification
 - KYC records downloaded from CKYCR, in accordance with Section 57, using the KYC identifier provided by the customer
 - Equivalent e-document of Officially Valid Documents (OVDs) including documents issued through DigiLocker
- RE shall ensure to redact or blackout the Aadhaar number in terms of Section 16.
- In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 working days from the date of carrying out V-CIP.
- Further, in line with the prescribed period of three working days for usage of Aadhaar XML file / Aadhaar QR code, REs shall ensure that the video process of the V-CIP is undertaken within three days of downloading / obtaining the identification information through CKYCR / Aadhaar authentication / equivalent e-document, if in the rare cases, the entire process cannot be completed at one go or seamlessly. However, REs shall ensure that no incremental risk is added due to this.
- If the address of the customer is different from that indicated in the OVD, suitable records of the current address shall be captured, as per the existing requirement. It shall be ensured that the economic and financial profile/information submitted by the customer is also confirmed from the customer undertaking the V-CIP in a suitable manner.
- RE shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority including through DigiLocker.
- Use of printed copy of equivalent e-document including e-PAN is not valid for the V-CIP.
- The authorised official of the RE shall ensure that photograph of the customer in the Aadhaar/OVD and PAN/e-PAN matches with the customer undertaking the V-CIP and the identification details in Aadhaar/OVD and PAN/e-PAN shall match with the details provided by the customer.
- Assisted V-CIP shall be permissible when banks take help of Banking Correspondents (BCs) facilitating the process only at the customer end. Banks shall maintain the details

of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the bank.

- o All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process and its acceptability of the outcome.
- o All matters not specified under the paragraph but required under other statutes such as the Information Technology (IT) Act shall be appropriately complied with by the RE.

(III) V-CIP Records and Data Management

- The entire data and recordings of V-CIP shall be stored in a system / systems located in India. REs shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp that affords easy historical data search. The extant instructions on record management, as stipulated in this MD, shall also be applicable for V-CIP.
- The activity log along with the credentials of the official performing the V-CIP shall be preserved.

Small Account, subject to the following:

- (a) The bank shall obtain a self-attested photograph from the customer.
- (b) The designated officer of the bank certifies under his signature that the person opening the account has affixed his signature or thumb impression in his presence. If the person is in jail, the officer in charge of the jail shall certify under his signature that person has put signature in his presence and the account shall be operational on annual submission of certificate of proof of address issued by the officer in-charge of the jail
- (c) Such accounts are opened only at Core Banking Solution (CBS) branches or in a branch where it is possible to manually monitor and ensure that foreign remittances are not credited to the account.
- (d) Banks shall ensure that the stipulated monthly and annual limits on aggregate of transactions and balance requirements in such accounts are not breached, before a transaction is allowed to take place.
- (e) The account shall remain operational initially for a period of twelve months which can be extended for a further period of twelve months, provided the account holder applies and furnishes evidence of having applied for any of the OVDs during the first twelve months of the opening of the said account.
- (f) The entire relaxation provisions shall be reviewed after twenty four months.
- (g) The account shall be monitored and when there is suspicion of money laundering or financing of terrorism activities or other high risk scenarios, the identity of the customer shall be established as per Section 16.
- (h) Foreign remittance shall not be allowed to be credited into the account unless the identity of the customer is fully established as per Section 16

Limitations of Small Accounts: Provided, the limits on balance shall not be considered while making deposits through Government grants, welfare benefits and payment against procurements

- i) The aggregate of all credits in a financial year does not exceed rupees one lakh;
- ii) The aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand;
- iii) The balance at any point of time does not exceed rupees fifty thousand.

(Please note that above Due Diligence of individuals is meant for opening accounts of individuals as well as for completing KYC of Beneficial owners/Authorized signatories/PoA holders of Trusts/ Firms/ Companies/ Associations etc. including PoA of Individuals)

(b) Customer Due Diligence for Sole Proprietary Firms: The identification of sole proprietor of the proprietorship firm shall be done by completing CDD as given above for individuals. In addition, two proofs or the equivalent e-documents thereof among the following shall be obtained to establish the business/activity in the name of proprietary firm

- a) Registration certificate including Udyam Registration Certificate (URC) issued by the Government
- b) Certificate/licence issued by the municipal authorities under Shop and Establishment Act.
- c) Sales and income tax returns.
- d) (Provisional/final). CST/VAT/ GST certificate
- e) Certificate/registration document issued by Sales Tax/Service Tax/Professional Tax

authorities.

- f) IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT/ Licence/certificate of practice issued in the name of the proprietary concern by any professional body incorporated under a statute.
- g) Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor where the firm's income is reflected, duly authenticated/acknowledged by the I T authorities.
- h) Utility bills such as electricity, water, and landline telephone bills.

In case Bank/RE is satisfied that two documents cannot be provided, it can accept, at its discretion, only one for opening the account, provided the RE undertakes contact point verification to establish existence of business.

(c) Customer Due Diligence measures for Legal Entities: (Including the equivalent e- Documents)

- 1) *Company*: Certified copy of the following
 - i. Certificate of incorporation.
 - ii. Memorandum and Articles of Association.
 - iii. Permanent Account Number of the company
 - iv. A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf.
 - v. Documents as mentioned in CDDP (i) relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
 - vi. the names of the relevant persons holding senior management position; and
 - vii. the registered office and the principal place of its business, if it is different.
- 2) *Partnership Firm*: Certified copy of following
 - i. Registration certificate.
 - ii. Partnership deed.
 - iii. Permanent Account number of partnership concern
 - iv. Documents as mentioned in CDDP (i) relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf⁸⁰the names of all the partners and
 - v. ⁸¹address of the registered office, and the principal place of its business, if it is different.
- 3) *Trust*: certified copies of each of the following documents shall be obtained:
 - i. Registration certificate.
 - ii. Trust deed.
 - iii. Permanent Account Number or form 60
 - iv. Documents as mentioned in CDDP (i) above relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf.
 - v. the names of the beneficiaries, trustees, settlor and authors of the trust
 - vi. the address of the registered office of the trust; and
 - vii. list of trustees and documents, as specified in Section 16, for those discharging the role as trustee and authorised to transact on behalf of the trust.
- 4) *Unincorporated association or a body of individuals*: certified copies of each of the following documents shall be obtained:
 - i. Resolution of the managing body of such association or body of individuals;
 - ii. Permanent Account number
 - iii. Power of attorney granted to transact on its behalf;
 - iv. Documents as mentioned in CDDP (i) relating to beneficial owner, managers, officers or employees, as the case may be, holding an attorney to transact on its behalf and
 - v. such information as may be required by the RE to collectively establish the legal existence of such an association or body of individual
- 5) *Juridical persons*: not specifically covered in the earlier part, such as Government or its Departments, societies, universities and local bodies like village panchayats, certified copies of the following documents shall be obtained.
 - i) Document showing name of the person authorised to act on behalf of the entity;
 - ii) Documents as mentioned in CDDP (i) above in respect of persons authorized to transact
 - iii) Such documents as may be required by the RE to establish the legal existence of such an entity/juridical person.

(d) Identification of Beneficial Owner: For opening an account of a Legal Person who is not a natural person, the beneficial owner(s) shall be identified and his/her identity shall be verified subject to following:

- i) Where the customer or the owner of the controlling interest is (i) an entity listed on a stock exchange in India, or (ii) it is an entity resident in jurisdictions notified by the Central Government and listed on stock exchanges in such jurisdictions, or (iii) it is a subsidiary of such listed entities; it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such entities.
- ii) In cases of trust/nominee or fiduciary accounts whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary is determined. In such cases, satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also details of the nature of the trust or other arrangements in place shall be obtained.

(e) Ongoing Due Diligence: The banks shall undertake on going due diligence to ensure that transactions of customers are in consistency with their knowledge about the customer, customer business and customer profile; and the source of funds. Further it is suggested by RBI that following shall be closely monitored

- i. Large and complex transactions, unusual patterns inconsistent with normal and expected activity of the customer
- ii. Transactions which exceed the threshold prescribed for the customer
- iii. High account turnover inconsistent with size of balance maintained
- iv. Deposit of third party cheques, drafts etc. in existing and newly opened account followed by large withdrawals

Periodic updation of KYC: Amended Section 38: The periodic updation shall be carried out from the date of opening of the account / last KYC updation

- at least once in every two years for high risk customers,
- once in every eight years for medium risk customers and
- once in every ten years for low risk customers

Individual Customers:

a. **No change in KYC information:** In case of no change in the KYC information, a self-declaration from the customer in this regard shall be obtained through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter etc.

- **Change in address:** In case of a change only in the address details of the customer, a self-declaration of the new address shall be obtained from the customer through customer's email-id registered with the RE, customer's mobile number registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter etc., and the declared address shall be verified through positive confirmation within two months, by means such as address verification letter, contact point verification, deliverables etc.

Further, REs, at their option, may obtain a copy of OVD or deemed OVD or the equivalent e-documents thereof, as defined in Section 3(a)(xiii), for the purpose of proof of address, declared by the customer at the time of periodic updation. Such requirement, however, shall be clearly specified by the REs in their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

b. **Accounts of customers who were minor at the time of opening account on their becoming major:** In case of customers for whom account was opened when they were minor, fresh photographs shall be obtained on their becoming a major and at that time it shall be ensured that CDD documents as per the current CDD standards are available with the REs. Wherever required, REs may carry out fresh KYC of such customers i.e. customers for whom account was opened when they were minor, on their becoming a major.

Customers other than individuals:

a. **No change in KYC information:** In case of no change in the KYC information of the LE customer, a self-declaration in this regard shall be obtained from the LE customer through its email id registered with the RE, ATMs, digital channels (such as online banking / internet banking, mobile application of RE), letter from an official authorized by the LE in this regard, board resolution etc. Further, REs shall ensure during this process that

Beneficial Ownership (BO) information available with them is accurate and shall update the same, if required, to keep it as up-to-date as possible.

- b. Change in KYC information: In case of change in KYC information, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new LE customer.

Additional measures: In addition to the above, REs shall ensure that -

- a. The KYC documents of the customer as per the current CDD standards are available with them. This is applicable even if there is no change in customer information but the documents available with the RE are not as per the current CDD standards. Further, in case the validity of the CDD documents available with the RE has expired at the time of periodic updation of KYC, RE shall undertake the KYC process equivalent to that applicable for on-boarding a new customer.
- b. Customer's PAN details, if available with the RE, is verified from the database of the issuing authority at the time of periodic updation of KYC.
- c. An acknowledgment is provided to the customer mentioning the date of receipt of the relevant document(s), including self-declaration from the customer, for carrying out periodic updation. Further, it shall be ensured that the information / documents obtained from the customers at the time of periodic updation of KYC are promptly updated in the records / database of the REs and an intimation, mentioning the date of updation of KYC details, is provided to the customer.
- d. In order to ensure customer convenience, REs may consider making available the facility of periodic updation of KYC at any branch, in terms of their internal KYC policy duly approved by the Board of Directors of REs or any committee of the Board to which power has been delegated.

If an existing customer gives in writing to the RE that he does not want to submit his Permanent Account Number or equivalent e-document thereof or Form No.60, RE shall close the account and all obligations due in relation to the account shall be appropriately settled after establishing the identity of the customer by obtaining the identification documents as applicable to the customer

Accounts of Non-Face to Face Customers: Banks shall ensure that first payment is effected through customer's KYC complied account with another RE for enhanced due diligence of such customer.

Accounts of Politically Exposed Persons (PEPs): The decision to open the account shall be taken at a senior level. In case an existing customer becomes PEP, the senior management's approval shall be obtained to keep the relationship with PEP. In case a customer or beneficial owner subsequently becomes PEP, the senior management's consent shall be obtained to continue the relationship.

Clients account through professional intermediaries. REs shall ensure while opening client accounts through professional intermediaries, that:

The clients shall have been subjected to KYC verification by professional Intermediary

The banks shall not open account of such Intermediaries which are bound by client confidentially that prohibit disclosure of client details to REs

REs at their discretion can rely on KYC of such intermediaries.

Enhanced Due Diligence

Enhanced Due Diligence (EDD) for non-face-to-face customer onboarding (other than customer onboarding in terms of Section 17):

In order to prevent frauds, alternate mobile numbers shall not be linked post CDD with such accounts for transaction OTP, transaction updates, etc.

Transactions shall be permitted only from the mobile number used for account opening. RE shall have a Board approved policy delineating a robust process of due diligence for dealing with requests for change of registered mobile number.

Apart from obtaining the current address proof, RE shall verify the current address through positive confirmation before allowing operations in the account. Positive confirmation may be carried out by means such as address verification letter, contact point verification, deliverables, etc.

RE shall obtain PAN from the customer and the PAN shall be verified from the verification facility of the issuing authority.

First transaction in such accounts shall be a credit from existing KYC-complied bank account of the customer.

Such customers shall be categorized as high-risk customers and accounts opened in non-face to face mode shall be subjected to enhanced monitoring until the identity of the customer is verified in face-to-face manner or through V-CIP.

Simplified Procedure for Opening Accounts:

Self Help Groups (SHGs) Simplified:

- i. The CDD is not required to be completed for all the members of SHG at the time of opening the Savings Account
- ii. CDD of all the office bearers shall suffice.
- iii. CDD of all the members of SHG may be undertaken at the time of credit linking of SHGs.

Foreign Student: The banks can open NRO account of foreign students based on

- i. His/her passport (with visa & immigration endorsement) bearing the proof of identity and address in the home country
 - ii. Photograph
 - iii. A letter offering admission from the educational institution in India
 - iv. Students with Pakistani nationality shall require prior approval of the Reserve Bank
- A declaration regarding local address shall be obtained within a period of 30 days and local address shall be verified within this period. During this period of 30 days the account shall be operated with a condition of allowing foreign remittances not exceeding USD 1,000 or equivalent into the account and a cap of rupees fifty thousand on aggregate in the same, during the 30-day period.

(f) Monitoring: The extent of monitoring shall be subject to risk categorization of customer i.e. high-risk customer shall be subject to rigorous monitoring. Risk categorization shall be reviewed every six months.

The transactions of multi-level marketing firms shall be closely monitored. Cases where large number of cheque books are sought or small deposits are made all over the country in one account and/or where large number of cheques are issued bearing same amounts/dates, shall be reported to FIUIND.

(iv) Part-D Record Management: The banks/ REs shall,

- (a) Maintain all necessary records of transactions between the RE and the customer, both domestic and international, for at least five years from the date of transaction;
- (b) Preserve the records pertaining to the identification of the customers and their addresses obtained while opening the account and during the course of business relationship, for at least five years after the business relationship is ended;
- (c) Make available the identification records and transaction data to the competent authorities upon request;
- (d) Introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules, 2005); 29
- (e) Maintain all necessary information in respect of transactions prescribed under PML Rule 3 so as to permit reconstruction of individual transaction, including the following:
 - (i) The nature of the transactions;
 - (ii) The amount of the transaction and the currency in which it was denominated;
 - (iii) The date on which the transaction was conducted; and
 - (iv) The parties to the transaction.
- (f) Evolve a system for proper maintenance and preservation of account information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities;
- (g) Maintain records of the identity and address of their customer, and records in respect of transactions referred to in Rule 3 in hard or soft format.

Reporting Requirements: While furnishing information to the Director, FIU-IND, delay of each day in not reporting a transaction or delay of each day in rectifying a mis-represented transaction beyond the time limit as specified in the Rule shall be constituted as a separate violation. REs shall not put any restriction on operations in the accounts where an STR has been filed. REs shall keep the fact of furnishing of STR strictly confidential. It shall be ensured that there is no tipping off to the customer at any level

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