

KYC (KNOW YOUR CUSTOMER) INFORMATION FOR CUSTOMERS INTENDING TO OPEN BANK ACCOUNTS WITH US

The Reserve Bank of India (RBI) has instructed banks to follow “KYC guidelines”, In terms of Prevention of Money Laundering Act 2002, wherein certain personal information of the account-opening prospect or the customer is obtained. The objective of doing so is to enable the Bank to have positive identification of its customers. This is also in the interest of customers to safeguard their hard earned money.

The KYC guidelines of RBI mandate Banks to collect the following from their customers. They are:

1. Latest photography
2. Proof of identity
3. Current proof of address

Accordingly, The Citizen Co-op. Bank Ltd. has framed its KYC procedure according to which, latest photography and the documentary proof of personal identification and current address proof are required to be provided.

KYC procedure specifies certain commonly available documents as proof of personal identification and address proof, so as to not cause inconvenience to those to open accounts in our Bank.

The details of documents which may be submitted towards ID Proof and address proof and other documents to be submitted are furnished in the Annexure here below.

Our Branch officials at the Account Opening Desk / Branch Manager will also be able to provide guidance regarding the different types of documents acceptable for opening any new account.

We request your kind co-operation in providing the required documents for opening new accounts to enable us to adhere to the KYC policy.

KNOW YOUR CUSTOMER – WHAT YOU MUST KNOW

What is KYC?

Know Your Customer – KYC enables banks to know / understand their customer and their financial dealings to be able to serve them better

Who is a customer of the Bank?

For the purpose of KYC Policy, a “Customer” is defined as:

- A person or entity that maintains an account and/or has a business relationship with the Bank;
- One on whose behalf the account is maintained (i.e. the beneficial owner);
- Beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc. as permitted under the law, and

- Any persons or entity connected with a financial transaction, which can pose significant reputation or other risks to the Bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

Why does the Bank ask you for proof of identity and current address?

The identification of a customer is a very critical process with a view to protect the customer interests by preventing from fraudsters who may use the name, address and forge signature or undertake benami / illegal business activities, encashment of stolen drafts, cheques, dividend, warrants, etc. This also helps to safeguard Banks from unwittingly used for the transfer of deposit of funds derived from criminal activity or for financing terrorism. Identification of customers will also help to control financial frauds, identify money laundering and suspicious activities, and for scrutiny / monitoring of large value cash transactions.

Are KYC requirements new?

No, KYC requirements have always been in place and Banks have been taking KYC documents in accordance with the guidelines issued by the RBI from time to time. RBI has been revisiting the KYC guidelines in the context of recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering standards and on Combating Financing of Terrorism and advice the Banks on the KYC standards in line with international benchmarks and Indian legal requirements.

Whether KYC is mandatory?

Yes. It is a regulatory and legal requirement.

Regulatory: In terms of the guidelines issued by the Reserve Bank of India (RBI) on November 29, 2004 on Know Your Customer [KYC] Standards – Anti Money Laundering [AML] Measures, all banks are required to put in place a comprehensive policy framework covering KYC Standards and AML Measures.

Legal: The Prevention of Money Laundering Act, 2002 (PMLA) which came into force from July 1, 2005 (after “rules” under the Act were formulated and published in the official Gazette) also requires Banks, Financial Institutions and Intermediaries to ensure that they follow certain minimum standards of KYC and AML as laid down in the Act and the “rules” framed there under.

Whether close relatives can open account by producing the address proof of their relatives?

Some relatives such as wife, son, daughter and parents, etc. who live their husband, father/mother and son, as the case may be, are finding it difficult to open account, as the utility bills required for address verification are not in their name. In such cases, account can be opened by obtaining an identity document and a utility bill of the relative that with whom the prospective customer is living along with a declaration from the relative that the said person [prospective customer] wanting to open an account is a relative and is staying with him/her. The prospective customer shall provide any supplementary evidence such as a letter received through post for further verification of address.

Whether only one document is sufficient towards identity proof and address proof, if the single contains the identity as well as address?

No. Separate documents towards Identity Proof and address Proof shall be submitted at the time of opening the account.

When does KYC apply?

KYC will be carried out at the following stages:

- While opening a new account.
- While opening a subsequent account where documents as per current KYC standards has not been submitted while opening the initial account.
- While opening a Locker Facility.
- When the Bank feels it necessary to obtain additional information from existing customers based on conduct of the account.
- When there are changes to signatories, mandate holders, beneficial owners, etc

At a periodicity of 2/5 years, as the case may be, depending on the nature/transactions in the account.

KYC will also be carried out in respect of non-account holders approaching the Bank for high value one-off transactions.

Who is your contact person in the Bank for KYC purposes?

Your contact point in the Bank will be the Branch Manger / the official who opens your account and who is in touch with you for your transactions.

Who is Money Laundering?

Money Laundering refers to conversion of money illegally obtained to make it appear as if it originated from a legitimate source. Money Laundering is being employed by launderers worldwide to conceal criminal activity associated with it such as drugs / arms trafficking, terrorism and extortion. All crimes that produce a financial benefit give rise to money laundering.

What has this got to do with opening bank accounts?

The first step in the laundering process for criminals is to get their money into an account with a Bank, often using a false identity and address. The funds so deposited will be transferred to other accounts locally or abroad or used for buying goods and services. These transactions would appear to be like any legally earned money and become difficult to trace it back to its criminal past. Banks under law should not only prevent this, but should stop criminals who wish to use the banking channel to launder the ill-gotten money from illegal / criminal activities.

How could this affect you as a customer?

A key defense against money laundering is to prevent accounts being opened in false identities. Anyone wishing to open an account will therefore be asked for latest photo, proof of their identity and current address. These documents have to be essentially obtained irrespective of the type of account to be opened and purpose for which the account is opened for.

The fact that these documents are asked for opening of account does not mean that you are suspected of money laundering. Criminals try to appear to be normal law-abiding citizens, for example they may try to open a number of accounts using small amounts of money. Hence it is necessary to identify all prospective account holders. Any body including a criminal could falsely use your identity, if these identity documents are not obtained.

What proof of identity will you need?

The best identification documents are those, which are issued by Government authority, which has a photo, address and signature. For an individual documents like copy of Passport, Election Identity Card, Permanent Account Number (PAN) card, etc. would be sufficient for the purpose of establishing the identity. This has to be submitted along with a document to establish the current address of the customer. The list of acceptable documents to be submitted for proof of identity and current address are furnished in the annexure appended here below.

Similarly, for other entities like firms, companies, trusts, etc., documents like Partnership Deed, Trust Deed, Memorandum and Articles of Association, Certificate of Incorporation, Registration and Service Tax, License under Shops and Establishment Act, etc. would be applicable and the branch would be able to help you in providing the details of the list of approved documents.

What will happen if you do not provide the required KYC information / documents to the Bank?

The Bank will be entitled to refuse to open the account (if you are a prospective customer) or discontinue its relationship with you citing non-providing of KYC information/documents (if you are an existing customer). If you however, require reasonable time to furnish certain non-critical documents you can approach the branch for additional time.

If you are a small depositor, would you still have to go through the stringent KYC requirements?

With a view to provide access to the banking facility by the Weaker Sections of the Society, Govt. of India effected amendments to PML Act 2002. In terms of the amendments, Weaker Sections of the Society, who could not provide proof of identity/address, are allowed to open Small accounts, on production of a self-attested photograph and affixation of signature or thumb print, as the case may be, on the account opening form. However, the designed officer of the branch for the purpose of opening Small Accounts certifies that the account holder has affixed his signature or thumb print, as the case may be, in his presence.

However, such accounts shall remain operational initially for a period of twelve months, and thereafter for a further period of twelve months if the holder of such an account provides evidence before the branch of having applied for any of the officially valid documents within

12 months of opening account, with the entire relaxation provisions to be reviewed in respect of the said account after twenty four months. Further, these accounts have the following limitation:

- the aggregate of all credits in a financial year does not exceed Rs.1 lac;
- the aggregate of all withdrawals and transfers in a month does not exceed Rs.10,000/-; and
- the balance at any point of time does not exceed Rs.50,000/-.
- Foreign remittance are not credited to such SB accounts and that the stipulated monthly and annual aggregate of transactions and balance in such accounts are not breached, before a transaction is allowed to take place.

Transfer of accounts within the Bank branches:

Request for transferring the accounts within the Bank branches is permissible without any restriction, provided full Know Your Customer formalities has been done for the account. However, on transfer of the account from the transferee branch, account holder shall furnish the fresh address proof to meet the KYC requirement.

Help us to help You:

Please help us to prevent crime, tax evasion and the laundering of the proceeds of crime or evasion by being patient when staff asks you to provide documents to prove your identity.

You can also help prevent crime against yourself and others by maintaining the confidentiality of your account details and identity documents.

Indian Regulations on Prevention of Money Laundering – A customer must know:

Under the Prevention of Money Laundering Act (PMLA) 2002, and the Rules thereof, the Banks are required to report to The Director, FIU-Ind., New Delhi: -

- a) All cash transactions (deposits and withdrawals) of the value of more than Rs.10 lacs [Rupees Ten Lakhs] or equivalent thereof in foreign currency;
- b) All series of cash transactions integrally connected to each other, which have been valued below Rs.10 lacs [Rupees Ten Lakhs] or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rs.10 lacs [Rupees Ten Lakhs].
- c) All cash transactions where forged or counterfeit currency notes or Bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- d) All suspicious transactions whether or not made in cash and by way of a report mentioned in the Rules.
- e) All foreign inward remittance transactions involving receipts by non-profit organizations of value more than Rs.10 lacs [Rupees Ten Lakh] or its equivalent in foreign currency in a month.

Under regulatory instructions issued by the Reserve Bank of India in consultation with the Government of India and Indian Bank's Association:

- a) Demand draft, mail transfers, RTGS / NEFT and travelers cheques for Rs.50,000/- and above can be issued by Banks only by debit to the customer's account or against cheque or other instrument tendered by the purchaser and not against cash payment;
- b) Demand drafts, mail transfers and travelers cheques for Rs. 50,000/- and above can be paid by Banks only by credit to the customer's account or through other banking channels and not in cash.

ANNEXTURE

FEATURES TO BE VERIFIED AND DOCUMENTS THAT CAN BE FURNISHED:

Features	Document
1.0 Accounts of Individuals 1.1 Legal name and any other Names used.	(i)Passport (ii)PAN Card (iii)Voter's Identity Card, (iv)Driving License (v)Identity Card (subject to the Bank's satisfaction) (vi)Letter from a recognized Public authority or Public servant verify the identity and residence of the customer to the satisfaction of Bank. (vii) Job card issued by

<p>1.1 Correct permanent address</p> <p>(Correct permanent address means the address at which usually resides and can be taken as the address as mentioned in the utility bill or any other document accepted by the branch for verification of the address of the customer).</p>	<p>NREGA (viii)The letter issued by UIDAI [AADHAR] (ix)Photo ID issued by Recognised educational Institutions (x)Arms License (xi)Pensioner Photo ID Card (xii)Freedom Fighter Photo Card (xiii)Kissan Photo passbook (xiv)Address card having name & address issued by Dept. of Post</p> <p>(i)Telephone bill (ii)Bank account statement/pass book (iii)Letter from any recognized public authority (iv)Electricity Bill (v)Ration Card (vi)Letter from employer (subject to satisfaction of the Bank) (vii)Water bill (viii)Property tax receipt (ix)Insurance policy/insurance renewal notice/insurance receipt (x)Certificate of address issued by Village Panchayat Head or its equivalent authority [for rural areas] (xi)Income Tax assessment order (xii)Kissan passbook (xiii)Registered Sale/Lease/Rent agreement. (Any one document which provides customer information to the satisfaction of the Bank will suffice).</p>
<p>2.0 Accounts of Companies</p> <p>2.1 Name of the company</p> <p>2.2 Principal place of business</p> <p>2.3 Mailing address of the company</p> <p>2.4 Telephone/Fax Number</p>	<p>(i)Certificate of incorporation and Memorandum & Articles of Association (ii)Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii)Power of Attorney granted to its manager, officers or employees to transact business on its behalf (iv)Copy of PAN allotment letter (v)Copy of the telephone bill.</p>
<p>3.0 Accounts of Patnership firms</p> <p>3.1 Legal name</p> <p>3.2 Address</p> <p>3.2 Names of all partners and their addresses</p> <p>3.4 Telephone numbers of the firm and patners</p>	<p>(i)Registration certificate, if registered, (ii)Partnership deed (iii)Power of Attorney granted to a Partner or an employee of the firm to transact business on its behalf (iv)Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v)Telephone bill in the name of firm/partners.</p>
<p>4.0 Accounts of trusts & foundations</p> <p>4.1 Names of trustees, settlers,</p>	<p>(i)Certificate of registration, if registered (ii)Power of Attorney granted to transact business on its behalf (iii)Any officially vaid document to identify</p>

<p>beneficiaries.</p> <p>4.2 Name and addresses of the founder, the the managers / directors and the beneficiaries.</p> <p>4.3 Telephone / Fax numbers.</p>	<p>the trustees, settlers, beneficiaries and those holding Power of Attorney, founder/manager/directors and their addresses (iv)Resolution of the managing body of the foundation/association (v)Telephone Bill.</p>
<p>5.0 Accounts of Proprietorship concerns</p> <p>5.1 Proof of the name</p> <p>5.2 Address & activity of the concern</p>	<p>(i)Registration certificate (incase of a registered concern) (ii)Certificate/License issued by the Municipal authorities under Shop & Establishment Act, (iii)Sales & income tax returns (iv)CST/VAT certificate (v)Certificate registration document issued by sales Tax/Service Tax/Professional Tax authorities. (vi)License issued by the Registering authority like Certificate of practice issued by ICWA, ICWAI, ICSI, IMC, Food & Drug Control Authorities, registration/licensing documents issued in the name of the proprietary concern by the Central or State Government Authority/Department, Importer Exporter Code issued to the proprietary concern from the Office of DGFT, etc.</p>

IMPORTANT P.S. : 1. While approaching the Branch for opening of Bank accounts by salaried employees of Corporate and other entities of repute, in addition to the certificate/letter from the employer, they are required to provide at least one of the officially valid documents viz. Passport, Driving License, PAN Card, Voter's Identity Card or Utility bills for KYC purposes.