KYC Guidelines – Customer Handbook

What is KYC?
Know Your Customer (KYC) refers to due diligence activities that financial institutions and other regulated companies must perform to ascertain relevant information from their clients for the purpose of doing business with them. Know your customer policies are becoming increasingly important globally to prevent identity theft, financial fraud, money laundering and terrorist financing. The links between money laundering, organized crime, drug trafficking and terrorism pose a risk to financial institutions globally.

The objective of KYC guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering activities.

What is KYC Policy?
As per RBI guidelines, all banks are required to formulate a KYC Policy with the approval of their respective boards. The KYC Policy consists of the following four key elements.

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

For the purposes of a KYC policy, a *Customer* may be 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 person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

Banks are obligated by PML (Prevention of Money Laundering) Act to follow strict procedures for customer identification and acceptance.

What is a Customer Acceptance Policy?
Customer Acceptance Policy refers to the general guidelines followed by banks in allowing customers to open accounts with them. Generally the guidelines stipulate that no accounts shall be opened in anonymous or fictitious names or when the identity of the customer matches with any person with known criminal background or banned entities. Similarly accounts should not be opened when the bank is unable to verify the identity and/or obtain documents required as per the bank's policy.

What is the Customer Identification Procedure?

Customer identification means identifying the customer and verifying his/her identity through reliable and independent documents, data and information to the satisfaction of the Bank and as per extant guidelines.

KYC and Customer Identification are mandatory under the following circumstances (but not limited to):

1. Establishing a banking relationship
2. Carrying out a financial transaction or when the bank has a doubt about the authenticity / veracity or the adequacy of the previously obtained customer identification data.
3. During Periodic Review of Customer Information based on RBI guidelines.
4. When there are changes to customer information including signatories, mandate holders, beneficial owners, etc.

What are the documents required to be obtained from customers?

The documents that may be obtained from Customers vary depending upon the type of customers. The same are furnished below:

**Individuals:*

Proof of Identity - Passport, PAN Card, Voter ID, Permanent Driving Licence, etc

Proof of Address – Passport, Voter ID, Ration card, Permanent Driving Licence, Utility bills

**Non – Individuals/ Entities:*

Proof of Identity - PAN Card, Sales Tax/Service Tax/VAT Registration certificate, SEBI Registration certificate, Latest IT Assessment Order, IE Code certificate

Proof of Address – Utility Bills, Sales Tax/Service Tax registration certificate, Latest IT Assessment Order, IE Code certificate

* Please note that this is not an exhaustive list and is only indicative. For further details please Contact your nearest branch

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