

KYC Policy & Anti Money Laundering guidelines

Know Your Customer Policy & Anti Money Laundering Guidelines

Dear Customer

The Reserve Bank of India vide their circular dated November 29th, 2004 has advised banks to ensure that know Your Customer and Anti-Money Laundering measures are formulated and implemented.

Money laundering is the process of passing money earned from criminal activity into the financial system to make look as though it was earned legally in a honest way. Money laundering is a serious offence in many countries including India. As Money Laundering uses the financial system, banks are at a very high risk of having their products and services used for money laundering purposes.

Under the prevention of Money Laundering Act, 2002, whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it a curtained property shall be guilty of offence of money laundering.

In order to prevent a bank being used for money laundering

1. The bank needs to have a well documented policy on 'Know Your Customer' and Anti-money Laundering. This policy lays down the various procedures to be followed by the bank in order to be satisfied about a customer's identity and background. These are referred to as the Customer identification Procedures (CIP).
2. Identify and verify all customers in the manner prescribed by the notification issued under the Prevention of Money Laundering Act, 2002.

"Know Your Customer" (KYC) Process

The KYC process followed by the bank is required to ensure the following:

1. That no account is opened in anonymous or fictitious or benami name(s)
2. To satisfy the competent authorities that due diligence was observed in accordance with the requirements of the existing laws and regulations on the same.
3. To be able to demonstrate that the bank has taken reasonable measures to identify the beneficial owner(s) and verify his/her (their identity in a manner to be satisfied on who the beneficial owner(s) is/are.

Customer Identification Process

The process entails identifying the customer and verifying the identity by using reliable and independent documents date or information.

The Bank while opening different accounts, collects documents to identify and verify the customer as required under existing laws. To demonstrate that it has performed adequate 'Know Your Customer' procedures. The Bank needs to establish the following:

For Accounts of individuals

Legal name and any other names used

Correct permanent address

For Accounts of companies

Name of the company

Principal place of business

Mailing address of the company

Telephone Fax Number

Identification and verification of Directors and Authorized Signatories

For Accounts of partnership firms

Legal name

Address

Names of all partners and their address to be verified through an officially valid document

Telephone numbers of the firm and partners

For Accounts of trusts & Foundations

Names of trustees, settlers, beneficiaries and signatories

Names and addresses of the founder, the managers/directors, trustees, settlers and the beneficiaries to be verified through an officially valid document

Telephone Fax numbers

For accounts opened before the existence of the law and the procedures connected therewith the bank is required to also perform the same level of due diligence and collect, wherever missing a copy of the identification documents from these account holders, Non-adherence to the requirements prescribed under law makes the bank liable for serious action.

We look forward to your cooperation and assistance in providing us with the necessary documentation and information to help us comply with the guidelines.

Should you require any further clarification please feel free to call your Relationship/Sales Manager or make enquiry at our branches.

Sincerely yours,