

JAIIB PPB Module A (Unit 3- Operational Aspects of KYC)

KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Acceptance Policy

No account is opened in anonymous or fictitious/benami name.

- (a) No account is opened where appropriate customer due diligence measures cannot be applied either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
- (b) No transaction or account-based relationship is undertaken without following the CDD procedure.
- (c) Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
- (d) To ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanction lists circulated by RBI.
- (e) To verify Permanent Account Number (PAN) obtained through the facility of the issuing authority.
- (f) To verify the digital signature of an e-document given by the customer,
- (g) The mandatory information to be obtained for KYC purpose during on-boarding/ periodic updation should be specified in the KYC Policy.
- (h) In case of joint accounts, CDD procedure is to be carried out for all joint account holders.



KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Identification Procedures (CIP)

- (a) Customer identification is required to be done in following cases:
 - (i) While opening an account or establishing account based relationship.
 - (ii) Undertaking international transfer for non-account holders.
 - (iii) If a doubt arises about authenticity of an existing customer or adequacy or correctness of information about the customer.
 - (iv) Selling any product including third party products, loading/ reloading of prepaid/ travel cards for value of over Rs.50,000/-.
 - (v) Carrying out a transaction or series of connected transactions valuing over Rs.50,000/- for a walk-in-customer.
 - (vi) When there is a doubt that a customer (account based or walk-in) is intentionally structuring transactions below the threshold of Rs.50,000/-.



KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Due Diligence Procedure

- Customer due diligence includes customer identification, and also obtaining information about the customer's location, activity and purpose for which banking services will be used.
- Depending on the risk perceived from the customer, information on the nature or business activity, location, mode of payments, volume of turnover, social and financial status, etc., is collected for completing the profile of the customer.



Documents requirements : for individuals

- Aadhaar Number
- A certified copy of any Officially Valid Document (OVD) containing details of identity and address
- In case of Non-Resident Indians or Persons of Indian Origin a copy of the document certified by-Authorised officials of overseas branches of scheduled commercial banks registered in India; Branches of overseas banks with whom Indian banks have relationships; Notary Public abroad; Court Magistrate; Judge; Indian Embassy/Consulate General in the country where the non resident custom
- One recent photograph
- Permanent Account Number or Form No. 60



Officially Valid Documents:

- i) **Passport;**
- ii) **Driving Licence;**
- iii) **Proof of possession of Aadhaar number;**
- iv) **Voter's Identity Card issued by the Election Commission of India;**
- v) **Job card issued by NREGA duly signed by an officer of the State Government; and**
- vi) **Letter issued by the National Population Register (NPR) containing details of name and address**

Updated Address:

- i) Utility bill which is not more than two months old
- ii) Property or Municipal tax receipt
- iii) Pension or family pension payment orders (PPOs)
- iv) Letter of allotment of accommodation from employer

Where any of the above mentioned documents is obtained for address purpose, within three months an OVD with current address must be submitted by the customer

Change in name

- i. **an OVD with previous name along with the marriage certificate or the Gazette Notification indicating the change in name can be accepted**

Aadhaar Based KYC

- i. To be used only with the written consent of the customer
- ii. Must be redacted on the bank's records, physical and electronic, retaining only the last 4 digits.
- iii. A customer wanting credit of benefit/ subsidy under a notified scheme: Biometric authentication of Aadhaar is mandatory
- iv. For a customer voluntarily using Aadhaar number for identification purpose: banks may carry out e-KYC Authentication or offline verification
- v. If a customer provides a current address different from that in Aadhaar records, a self-declaration is to be obtained

Accounts of non-face-to-face customers - OTP based Aadhaar Verification Restrictions for accounts of non-face-to-face customer with OTP based e-KYC of Aadhaar:

- i) aggregate balance of all the deposit accounts of the customer shall not exceed Rs.1 lakh
- ii) the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed Rs.2 lakh;
- iii) for borrowal accounts, only term loans shall be sanctioned and the aggregate amount of term loans sanctioned shall not exceed Rs.60,000/- in a year;
- iv) both deposit and borrowal accounts shall not be allowed for more than one year within which normal mode identification is to be done;
- v) if OVD is not submitted/ CDD procedure not completed within a year, a deposit account will be closed and no disbursements will be made on the borrowal account; and
- vi) a declaration to be obtained that no other account using this mode has been opened nor will be opened at any other financial institution or a bank.



For Sole Proprietary Firms

- Registration certificate;
- Certificate/licence issued by the municipal authorities under Shop and Establishment Act;
- Sales and income tax returns;
- CST/VAT/GST certificate (provisional/final);
- Certificate/registration document issued by Sales Tax/ Service Tax/Professional Tax authorities;
- IEC (Importer Exporter Code) issued to the proprietary concern by the office of DGFT or Licence/certificate of practice issued
- Complete Income Tax Return (not just the acknowledgement) in the name of the sole proprietor
- Utility bills



Companies

- i) Certificate of Incorporation;
- ii) Memorandum and Articles of Association;
- iii) Permanent Account Number of the company;
- iv) Particulars of the Beneficial Owners (where applicable),
- v) Resolution of the Board of Directors and Power of attorney granted to its managers, officers or employees to transact business on its behalf, and
- vi) KYC Documents (as specified for individuals) of the beneficial owners, the authorised signatories and the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf.



Partnership Firms (Registered):

- i) **Registration Certificate;**
- ii) **Partnership Deed;**
- iii) **Permanent Account Number of the partnership firm;**
- iv) **KYC Documents (as specified for individuals) of the Partners, the Beneficial Owners, and the persons holding power of attorney to transact on its behalf.**



- v) Trusts :
- vi) Certificate of registration;
- vii) Trust deed;
- viii) Permanent Account Number or Form No.60 of the Trust;
- ix) Documents (as specified for individuals) of the Beneficial Owners the person holding an attorney to transact on its behalf



Unincorporated Association or Body of individuals:

- i) Resolution of the managing body of such association or body of individuals;
- ii) Permanent Account Number or Form No. 60 of the unincorporated association or a body of individuals;
- iii) Power of attorney granted to transact on its behalf;
- iv) KYC Documents (as specified for individuals) of the Members of Managing Body, the Beneficial Owners, and the persons holding an attorney to transact on its behalf; and
- v) Such information as may be required by the bank to collectively establish the legal existence of such an association or body of individuals.



Other Juridical Persons (Not specifically covered above) (such as Societies, Universities and Local Bodies like Village Panchayats, etc.):

- i) Document showing name of the person authorised to act on behalf of the entity;
- ii) Documents (as specified for individuals) of the beneficial owners and the persons holding an attorney to transact on its behalf; and
- iii) Such documents as may be required by the bank to establish the legal existence of such an entity/juridical person



Q1. Which of the following is true in respect to Customer Acceptance policy?

- I. No account is opened in anonymous or fictitious/benami name.
 - II. No account is opened where appropriate customer due diligence measures cannot be applied either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
 - III. No transaction or account-based relationship is undertaken without following the CDD procedure.
 - IV. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
 - V. To ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanction lists circulated by RBI.
 - VI. verify Permanent Account Number (PAN) obtained through the facility of the issuing authority
- A. I, II, III, IV
B. All are true except II & III
C. All are true except I & II
D. All are true
- Ans: D. All are true**

Q2. Which of the following is not correct in respect to Customer Identification Procedures?

- I. While opening an account or establishing account based relationship.
 - II. Undertaking international transfer for non-account holders.
 - III. If a doubt arises about authenticity of an existing customer or adequacy or correctness of information about the customer.
 - IV. Selling any product including third party products, loading/reloading of prepaid/ travel cards for value of over Rs.1,00,000/-.
 - V. Carrying out a transaction or series of connected transactions valuing over Rs.80,000/- for a walk-in customer.
 - VI. When there is a doubt that a customer (account based or walk-in) is intentionally structuring transactions below the threshold of Rs.80,000/-.
- A. I, II, III, IV
B. II, III & IV
C. IV, V & VI
D. I, III, IV & V
- Ans: C. IV, V & VI**

Q3. Which of the following is/are not a Officially Valid Document(OVD)?

- I. Passport
- II. Driving Licence
- III. Pan Card
- IV. Proof of possession of Aadhaar number
- V. Voter's Identity Card issued by the Election Commission of India
- VI. Job card issued by NREGA duly signed by an officer of the State Government
- VII. Letter issued by the National Population Register (NPR) containing details of name and address.



- A. Only III
- B. VI & VII
- C. IV & VII
- D. V & VI

Ans: A. Only III

Q4. Which of the following is/are required in case of opening account of a company?

- I. Certificate of Incorporation
- II. Partnership Deed
- III. Memorandum and Articles of Association
- IV. Registration Certificate
- V. Permanent Account Number of the company
- VI. Resolution of the Board of Directors and Power of attorney granted to its managers, officers or employees to transact business on its behalf
- VII. KYC Documents of the beneficial owners, the authorised signatories and the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf

- A. I, II, III, IV, V, VI
- B. I, III, V, VI, VII
- C. II, III, IV, VI
- D. I, III, IV, V, VI

Ans: B. I, III, V, VI, VII

Q5. Which of the following is/are not required in case of opening account of a partnership firms?

- I. Registration Certificate
- II. Partnership Deed
- III. Memorandum and Articles of Association
- IV. Permanent Account Number of the partnership firm
- V. KYC Documents of the Partners, the Beneficial Owners, and the persons holding power of attorney to transact on its behalf.

- A. Only II
- B. Only I
- C. Only III
- D. III & V

Ans: C. Only III

