

# **CBOA ONLINE SESSIONS**

**SESSION WILL START AT 2.30 PM**

**NO NEED TO WRITE ANY THING-  
PPT WILL BE SHARED IN OUR CBOA WEBSITE AFTER THE SESSION**

**VIDEO ALSO WILL BE UPLOADED IN  
YOUTUBE**

**KYC NOTES  
B V RAVI KUMAR  
LDC KOLKATA**

**KYC**

**B V RAVI KUMAR**  
**LDC KOLKATA**

KYC POLICY GUIDELINES GIVEN UNDER : **SECTION 35 A OF BR ACT**

Who is authorized to act as and perform the functions of CKYCR : **CERSAI**

**CERSAI FULL FORM :**

(CER-SAR-SII)

CER : **CERNTRAL REGISTRTY OF**

SAR : **SECURATISATION ASSET RECONSTURTION AND**

SII : **SECURITY INTEREST OF INDIA**

The objective of KYC/AML/CFT is to prevent Bank from being used intentionally or unintentionally , by criminal elements for money laundering or terrorist financing activities

KYC POLOCY : **ANNUAL REVIEW**

**OPERATIONAL RISK MANAGEMENT COMMITTEE** of the bank is authorized to make changes and place it to Board

**“DESIGNATED DIRECTOR”** means a person designated by the bank to ensure overall compliance with the obligations imposed under chapter IV of the PML Act and the Rules and includes the Managing Director or a whole-time Director duly authorized by the Board of Directors.

**“PRINCIPAL OFFICER”** means an officer nominated by the bank, responsible for furnishing information under PMLA Rules.

**Know Your Client (KYC) Identifier** means the **unique number or code** assigned to a **customer by the Central KYC Records Registry**

**Digital KYC :**

**Capturing live photo of the customer and OVD OR the proof of possession of Aadhaar, where offline verification cannot be carried out,**  
along with the latitude and longitude of the location where such live photo is being taken by an authorized officer of the bank

## HOW MANY PILLARS IN KYC : 4 AND THEY ARE

- |   |                                |
|---|--------------------------------|
| 1 | Customer Acceptance Policy     |
| 2 | Customer Identification Policy |
| 3 | Monitoring of Transactions     |
| 4 | Risk Management                |

## CUSTOMER DEFINED IN **KYC POLICY**

**(CUSTOMER IS HAVING FINANCIAL RELATIONSHIP WITH THE BANK)**

### CATEGORIZING A CUSTOMER

For categorizing a customer as **Low Risk, Medium Risk and High Risk**, the parameters considered are **6**

1	Customer's identity
2	Social/financial status
3	Nature of business activity
4	Information about the clients
5	Business
6	Location



# TYPE OF CUSTOMERS:

## LOW RISK :

### **Salaried employees**

People belonging to lower economic strata of the society

### **Government Departments**

### **Government owned companies ,**

### **Regulatory and Statutory bodies,**

### **Cooperative Bank**

Staff/ Ex-staff,

### **Govt./ Semi Govt. Employees**

### **Illiterate**

Individual

Local Authority ,Other Banks

Pensioner, Public Ltd.,

Public Sector 1,

Regional Rural Banks,

### **Senior Citizens**

### **Self Help Groups**

## MEDIUM RISK :

Gas Dealers,  
Car/boat/plane dealers  
Electronics (wholesale)  
Restaurants, Retail shops,  
Movie theatres, etc. ,  
Travel agency - Telemarketers , Telecommunication service providers ,  
Pawnshops & Auctioneers ,  
Sole practitioners ,  
Notaries , Accountants ,

Blind

Purdanashin

Private Bank

Proprietorship

Partnership

Private Limited Company

Unregistered body

Registered Body

Corporate Body

# HIGH RISK

Trusts

Charities

Co-op society

NGOs and organizations receiving donations,

Companies having close family shareholding or beneficial ownership ,

Firms with “sleeping partners”,

Accounts under Foreign Contribution Regulation Act. ,

Politically Exposed Persons (PEPs),

Accounts of non-face-to-face customers,

HNI,

NRI,

EXPORTERS & IMPORTERS

HUF

Accounts having BENEFICIAL OWNERS,

Accounts of Cash intensive businesses such as accounts of bullion dealers (including sub-dealers) & jeweller,

Blocked Accounts and

Unclaimed deposits

**PEP ACCOUNTS : Branch Head SCALE 4 & above can open**

(other Branches to take permission from EXECUTIVE overseeing MIPD-RO/CO)

1 Out of the following who is not a LOW RISK customer

A Blind

B Purdanashin

C Illiterate.

D NRI

2. Out of following who is not a HIGH RISK customer

a. HNI

b. NRI

c. PEP

d. Purdanashin.

Average balance (SB +CA+TD) /Account balance

**HIGH :** (RS 100 LAC AND ABOVE)

Enjoying FB limits/Term loans exceeding Rs. 100 lakh.

**MEDIUM** (Rs 25 LACS TO RS 100 LACS)

**LOW** (LESS THAN 25 LAC)

Under vintage parameter, newly opened CASA accounts which have not completed 6 months shall be categorised as High Risk,

except accounts pertaining to staff, Exstaff, pensioners, small accounts, Financial Inclusion and BSBD Accounts.

Once new account completes 6 months then the account should be categorized as medium subject to complying with other parameters.

And the account thereafter should go to low risk after 12 months subject to complying with other parameters

**Review Customer risk categorization : Half Yearly -30th Jun and 31st December every year. (325/21)**

**Re-KYC (REVIEW OF RISK RATING)**

**LOW RISK – 10 YEARS** (Branches need not seek fresh proofs of identity and address at the time of periodic updation, in case of no change in status with respect to their identities and addresses. A **self-certification by the customer to that effect should suffice in such cases.**)

**MEDIUM RISK - 8 YEARS**

**HIGH RISK -2 YEARS**

**CKYC TO BE DONE = T+5 DAYS**

**Cash Transaction Report (CTR)**- Above 10 lacs – Reporting to FIU – 15th of the succeeding month

While filing CTR, details of individual transactions below Rupees 50,000 need not be furnished

**Suspicious Transaction Report (STR)** shall be furnished **within 7 days** of arriving at a conclusion that any transaction, whether cash or non-cash, or a series of transactions



**PMLA 2002- SEC 3** DEALS WITH ANTI MONEY  
LAUNDERING

**3 STAGES OF AML ARE**

PLACEMENT

LAYERING

INTEGRATION

**UCIC** : UNIFIED CUSTOMER IDENTIFICATION CODE

## OVD DOCUMENT:

- ✓ Passport
- ✓ Driving License
- ✓ Proof of possession of Aadhaar number
- ✓ Voter Identity Card issued by Election Commission of India
- ✓ Job card issued by NREGA duly signed by an officer of the State Government
  
- ✓ Letter issued by the National Population Register containing details of name and address
- ✓ Any other document as notified by the Central Government in consultation with the

OVD does not have updated address following document Shall be deemed to the OVDs for the limited purpose of proof of address

- ✓ Utility bill not more than 2 months  
(Electrical/Telephone/Water/Mobile/Gas)
- ✓ Municipal Tax receipt,
- ✓ PPO
- ✓ Accommodation letter issued by Employees of  
Central Govt, SC Banks, PSU, Fin institutions,  
Listed companies

## **SMALL ACCOUNT:**

Low income group both in urban and rural areas are not able to produce OVD

NAME OF ACCOUNT - “Canara Small Savings Bank Deposit Account”.

Open by production of self attested photograph & affixation of signature OR LTI

## FEATURES OF CSSBDA :

- ✓ Aggregate of all **credits in a financial year** does not exceed **Rs.1.00 lakh**
- ✓ Aggregate of all **withdrawals and transfers** in a month **does not exceed Rs.10,000/-**
- ✓ **Balance** at any point of time does **not exceed Rs.50,000/-**
- ✓ Initial operation 12 months – **further period 12 months – If provided OVD apply**
- ✓ **Foreign remittances shall not be allowed** to be credited into a Canara Small Savings Bank Deposit Account **unless the identity of the customer is fully established through the production of officially valid documents**

## BASIC SAVINGS BANK DEPOSIT ACCOUNTS

Basic Savings Bank Deposit Account should be considered a normal banking service available to All

## ACCOUNTS OF FOREIGN STUDENTS STUDYING IN INDIA

- ✓ Open a Non Resident Ordinary (**NRO**) bank account of a foreign student on the basis of his/her **passport** (with visa & immigration endorsement) **with a photograph and a letter offering admission from the educational institution in India.**
- ✓ Branches should **obtain a declaration about the local address within a period of 30 days of opening the account and verify the said local address.**
- ✓ **During the 30 days period**, the account should be operated with a condition of allowing **foreign remittances not exceeding USD 1,000 and a cap of monthly withdrawal to Rs. 50,000/-**, pending verification of address.
- ✓ **Students with Pakistani** nationality will **need prior approval** of the **RBI** for opening the account.

## ACCOUNTS OF NON PROFIT ORGANISATIONS

A **Non Profit Organisation (NPO)** means any entity or organisation that is **registered as a Trust or a Society** or any **similar State Legislation** or a company registered under **Section 8 of the Companies Act 2013**.

All transactions involving receipts by these NPOs of value more than Rs.10 lac or its equivalent in foreign currency is to be reported to FIU-IND centrally from Head Office.

If the Bank has reason to **believe that a customer is intentionally structuring** a transaction into a series of transactions **below the threshold of Rs. 10 lac**, the Bank shall consider filing a **Suspicious Transaction Report to FIU-IND**.

**Submitted : Every month to the Director, FIU-IND by 15th of the succeeding month**

**Cross-border Wire Transfer Report (CWTR)** is required to be filed by **15th of succeeding month** for all cross border wire transfers of the value of more than **Rupees 5 lakh** or its equivalent in foreign currency where either the origin or destination of fund is in India

**Money Mules** are individuals with bank accounts who are recruited by fraudsters to receive cheque deposit or wire transfer for the purpose of money laundering



**Issue of Demand Drafts** : DD or any other mode and issue of Traveller's cheques for value of **Rs. 50,000/- and above** shall be effected by debit to the customer's account or against cheques and **not against cash payment**

**Unique Customer Identification Code (UCIC)** will help the Bank to identify customers, track the facilities availed, monitor financial transactions in a holistic manner and enable the Bank to have a better approach to risk profiling of customers

# PRESERVATION OF RECORDS :677/20 : SECTION 45 OF BR ACT

Records set out under Prevention of Money Laundering (Amendment) Act, 2009	Records to be preserved for at least 5 years from the date of transaction between the bank and the client.
Records set out under Prevention of Money Laundering (Maintenance of Records) Rules, 2005	Records should be maintained for at least 5 years from the date of cessation of transactions between the bank and the client.
<b>Specified records and registers where the transactions are internal in nature</b>	<b>5 years immediately preceding</b> the current calendar year
Records of Transactions pertaining to Money Changing Activities	<b>5 years</b>

In respect of Written off loan accounts, preservation of the loan papers, files, registers etc	<b>Preserved for a period of 10 years</b> from the date of closure of loan a/c or settlement of DICGC/ other claim, if any, whichever is later.
<b>Preservation of physical cheques as required under CTS</b>	The presenting branches should preserve the physical cheques in their custody securely for a <b>period of 10 years</b> . The images of all the government cheques paid should be preserved by the drawee banks likewise for a period of 10 years.
Preservation of physical cheques/ images of Government Cheques paid by drawee branches	<b>10 years</b>
<b>Unclaimed deposit</b>	To be maintained till the claim is lodged and <b>20 years after it is settled</b>
<b>Records which relate to disputes or litigations in the Court of Law</b>	<b>20 years after the disputes are over</b>

<p><b>To be maintained permanently</b></p>	<p><b>Branch Licence / Branch shifting,</b>  <b>Policy Matters,</b>  <b>Records relating to owned premises,</b>  <b>Inventory Register, Investigation Reports,</b>  <b>Files relating to Staff lapses where disciplinary action is recommended</b>  <b>and</b>  <b>EMT PAPERS</b>  <b>DEATH CLAIM PAPERS</b></p>
<p><b>15G/15H</b></p>	<p><b>7 YEARS</b></p>
<p><b>FORM 60</b></p>	<p><b>6 YEARS</b></p>
<p><b>COUNER CURRENCY REPORTS</b></p>	<p><b>3 YEARS</b></p>

**PARTNERHIP – MIN 2 MAX 10 (FOR BANKING) –  
MAX 20 (OTHER CHANNEL)**

**(BUT AS PER COMPANIES ACT 2013-100)**

**PRIVATE LIMITED COMPANY- MIN 2-MAX 200  
(DIRECTORS MIN 2-MAX 15)**

**PUBLIC LIMITED COMPANY- MIN 7-MAX UNLIMITED  
(DIRECTORS MIN 3-MAX 15)**

**BENEFICIAL OWNERSHIP (635/21)**

**COMPANY : 25%-share in Capital/Profit/Shares**

**PARTNERSHIP/ASSOCIATION/SOCIETY : 15% Capital/Profit**

**SHG/JLG : Office Bearers of SHGs/JLGs**

**COMPANY/TRUSTEE** if any trustee/director dies -  
**chq will be passed**

**PRINCIPAL AND AGENT CASE:**

- ✓ principal died agent issued- **Don't pass the chq**
- ✓ Agent issued agent died- **chq will be passed**

**MINOR CAN BE ADMITTED INTO THE  
PARTNERHIP FOR THE BENEFIT OF FIRM, BUT  
WITH IN 6 MONTHS AFTER ATTAINING MAJORITY  
DECLARE**

- **299/21 11.05.21 : PERIODIC UPDATION OF KYC - RESTRICTIONS ON ACCOUNT OPERATIONS FOR NONCOMPLIANCE.**
- Periodic updation (Full KYC process) shall be carried out at least once in every
- 2 years for high risk customers,
- 8 years for medium risk customers
- 10 years for low risk customers.
- Branch to update details in CBS immediately as and when the Re-KYC details are collected from the customer.
- On account OVID-19 pandemic, KYC is due and pending as on date, **NO restrictions on operations of such account shall be imposed till 31.12.21**



Thank  
you!

