

RESERVE BANK OF INDIA
CENTRAL OFFICE
DEPARTMENT OF BANKING OPERATIONS AND DEVELOPMENT <cgmincdbod@rbi.org.in>
CENTRE - 1, WORLD TRADE CENTRE
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RBI/2004/ 195
DBOD.AML.BC.NO.83/ 14.01.001/ 2003-2004

May 12, 2004

To

The Chief Executives of all Commercial Banks
(excluding RRBs)

Dear Sir,

Customer information

Please refer to our circular DBOD.AML.BC.18 / 14.01.001/ 2002-2003 dated 16th August 2002 on " Know Your Customer " (KYC) stipulating collection of certain information by banks while opening accounts of the customers. While complying with the above requirements, banks also collect a lot of additional personal information.

2. The Committee on Procedures and Performances Audit on Public Services (Chairman: Shri S.S.Tarapore) has observed that the information collected from the customer is being used for cross selling of services of various products by banks, their subsidiaries and affiliates. Sometimes, such information is also provided to other agencies. As banks are aware, the information provided by the customer for KYC compliance while opening an account is confidential and divulging any details thereof for cross selling or any other purpose would be in breach of customer confidentiality obligations. Banks are, therefore, advised to instruct all the branches to strictly ensure compliance with their obligations to the customer in this regard.

3. Wherever banks desire to collect any information about the customer for a purpose other than KYC requirements, it should not form part of the account opening form. Such information may be collected separately, purely on a voluntary basis, after explaining the objectives to the customer and taking his express approval for the specific uses to which such information could be put.

4. Banks are advised to get their existing practices in this regard examined by the Ad hoc Committee/ Board, issue suitable instructions to their branches and ensure compliance.

Yours faithfully,

(Prashant Saran)
Chief General Manager