

RBI/2005-06/116

UBD.BPD(PCB) MC.No 9 /13.01.00/2005-06

August 11, 2005

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir,

Master Circular
Maintenance of Deposit Accounts

Please refer to our Master Circular UBD BPD (PCB)MC.No.3/13.01.00/2004-05 dated July 27, 2004 on the captioned subject (available at RBI website www.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject up to June 30, 2005.

2. Please acknowledge receipt of this Master Circular to the concerned Regional Office of this Department.

Yours faithfully,

(N.S.Vishwanathan)
Chief General Manager-in-Charge

Encls: As above

Master Circular
Maintenance of Deposit Accounts

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Master Circular
Maintenance of Deposit Accounts

1. INTRODUCTION

Acceptance of deposits and maintenance of deposit accounts is the core activity in any bank. The very basic legal interpretation of the word "banking" as defined in the Banking Regulation Act, 1949 means accepting deposits of money, for the purpose of lending or investment, from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Thus, deposits are the major resource and mainstay of a bank and the main objective of a bank is to mobilise adequate deposits. Various instructions, guidelines, etc. issued from time to time to primary (urban) co-operative banks in regard to opening and conduct/monitoring of deposit accounts are detailed hereunder.

2. OPENING OF DEPOSIT ACCOUNTS

2.1 Introduction of New Depositors

A large number of frauds are perpetrated in banks mainly through opening of accounts in fictitious names, irregular payment of cheques, manipulation of accounts and unauthorised operations in accounts. Considering the fact that opening of an account is the first entry point for any person to become a customer of the bank, utmost vigilance in opening of accounts and operations in the accounts is called for. Even the legal protection under the Negotiable Instruments Act, 1881 which governs payment and collection of negotiable instruments and provides certain rights, liabilities (obligations) and protections to the issuers/drawers, payees, endorsees, drawees, collecting banks and paying/drawee banks, will be available, only if the bank makes the payment or receives payment of a cheque/draft payable to order in due course. Any payment or collection of a negotiable instrument is deemed in due course only when the bank acts in good faith and without negligence and does so for a customer.

2.1.1 Necessity of Introduction

- (i) Introduction of an account is obtained not merely as a formality to get protection under section 131 of the Negotiable Instruments Act 1881, but also to enable proper identification of the person opening an account, so that it would be possible, to trace the person later when required.
- (ii) It is necessary for banks to know their customers and to put in place proper systems and procedures. The practice of obtaining proper introduction should not be treated as a mere formality, but as a measure of safe-guard against opening of accounts by undesirable persons or in fictitious names with a view, *inter alia*, to deposit unaccounted money.

2.1.2 Proper Introduction

- (i) The account should not be normally opened without a meeting between the bank official and the customer.

- (ii) The banks should invariably insist upon prospective depositors to furnish introduction (from either any of the existing account holders or a respectable member of the local community known to the bank or the bank's staff) for opening not only current and cheque operated savings bank accounts but also all deposit accounts including call, short-term and fixed deposits. The banks should take steps to satisfy themselves about the identity of their depositors.
- (iii) The role of the introducers should be made more specific. It is not sufficient to state that he has known the person for a sufficient length of time.
- (iv) The person giving introduction should be of some standing and have an account with the bank for at least six months to ensure that the accounts are not opened on the introduction of new account holders or persons having small and marginal balances. The interval will also enable the bank to monitor the account closely to satisfy itself that the transactions in the introducer's account are satisfactory.
- (v) Branch Managers/staff members should be discouraged from giving the introduction.
- (vi) Where the party is not able to provide an introduction satisfactorily, it must be made incumbent upon him to provide sufficient proof of his antecedents before the account is allowed to be opened.
- (vii) Customers of good standing should be educated to realise the implications of introducing an account without knowing the new parties.
- (viii) In the case of a customer who will be getting credits, say by way of salary, and making payments by cheques to government/ semi-government agencies/individuals, simple introduction along with photograph, may suffice.
- (ix) In case of accounts, which are likely to be used for putting through remittance transactions and for collection of cheques of substantial amounts besides business payments, deeper enquiries would be necessary on the part of the bank.

2.1.3 Introduction in Absentia

- (i) When an introducer does not personally call at the branch to introduce an account, the fact of having introduced a new account should be got confirmed from him in writing.
- (ii) In cases where the account opening forms bear the signatures of manager/officials of other branches of the bank for introduction, apart from verifying the signatures of such introducers with the specimen signatures available on record, the branch concerned should obtain written confirmation of the introduction from the officials of the branches who introduced the account. Till such time the confirmation is received, the banks should not collect cheques/draft through the newly opened accounts.
- (iii) The same procedures should be adopted in cases where the introducers of accounts are not officials of the bank and do not personally call at the bank to introduce an account.
- (iv) The bank should send a letter by post both to the customer and the introducer and seek their confirmation for opening the account/giving introduction. Cheque book may be issued after receipt of confirmation from both.

2.2 Photographs of Account Holders

2.2.1 Mandatory Obtention of Photographs

- (i) The banks should obtain photographs of the depositors/account holders who are authorised to operate the accounts at the time of opening of all new accounts. The customers' photographs should be recent and the cost of photographs to be affixed on the account opening forms may be borne by the customers.
- (ii) Only one set of photographs need be obtained and separate photographs should not be obtained for each category of deposit. The applications for different types of deposit accounts should be properly referenced.
- (iii) Photographs of persons authorised to operate the deposit accounts viz. S.B. and Current accounts should be obtained. In case of other deposits viz. Fixed/Recurring, Cumulative etc. photographs of all depositors in whose names the deposit receipt stands may be obtained, except in the case of deposits in the name of minor, where guardians' photographs could be obtained.
- (iv) The banks should also obtain photographs of 'Pardanashin" Women.
- (v) The banks should also obtain photographs of NRE, NRO, FCNR account holders.
- (vi) For operations in the accounts, banks should not ordinarily insist on the presence of account holder unless the circumstances so warrant. Photographs cannot be a substitute for specimen signatures.

2.2.2 Exceptions

- (i) The photographs need not be insisted upon by banks in the under noted cases:
 - (a) new savings bank accounts where cheque facility is not provided; and
 - (b) fixed and other term deposits upto an amount and inclusive of Rs. 10,000/-
- (ii) However, the banks should take usual and necessary precautions/safeguards in regard to opening and operation of these accounts.
- (iii) Where a depositor has a term deposit of less than Rs. 10,000/- but he/she is also having a savings bank account with cheque facility or a current account, it will be necessary to have the photograph of the depositor.
- (iv) Banks, local authorities and government departments (excluding public sector undertakings or quasi-government bodies) are exempt from the requirement of photographs.
- (v) The photographs need not be obtained for borrowal accounts viz. Cash Credit. Overdrafts accounts, etc.
- (vi) The banks may not insist for photographs in case of accounts of staff members (Single/Joint).

2.3 Address of Account Holders

It is not proper for banks even unwittingly to allow themselves to be utilised by unscrupulous persons for the purpose of tax evasion. Therefore, banks should obtain full and complete address of depositors and record these in the books and the account opening forms so that the parties could be traced without difficulty, in case of need. Independent confirmation of the address of the account holder should be obtained in all cases.

2.4 Other Safeguards

2.4.1 PAN/GIR Number

The banks are required to obtain PAN/GIR number of a depositor opening an account with an initial deposit of Rs.50,000/- and above.

2.4.2 Authorisation

The opening of new accounts should be authorised only by the Branch Manager or by the Officer-in-Charge of the concerned deposit accounts department at bigger branches.

2.4.3 Completion of Formalities

The banks should ensure that all account opening formalities are undertaken at the bank's premises and no document is allowed to be taken out for execution. Where it is absolutely necessary to make exception of the above rule, banks may take precaution such as deputing an officer to verify the particulars, obtaining a signed photograph on a suitably formatted verification sheet, forwarding by registered A.D., mailing a copy of the account opening form and accompanying instructions to the client for necessary verification before any operations are conducted in the accounts.

2.4.4 Opening of current account – Need for discipline:

Keeping in view the importance of credit discipline for reduction in NPA level of banks, banks should insist on a declaration from the account-holder to the effect that he is not enjoying any credit facility with any other bank or obtain a declaration giving particulars of credit facilities enjoyed by him with any other bank(s). The account-opening bank should ascertain all the details and should also inform the concerned lending bank(s). The account-opening bank should obtain No-objection certificate from such banks.

However, in case no response is received from the existing bankers after a minimum period of a fortnight, banks may open current accounts of prospective customers.

Further, where the due diligence is carried out on the request of a prospective customer who is a corporate customer or a large borrower enjoying credit facilities from more than one bank, the bank may inform the consortium leader, if under consortium, and the concerned banks, if under multiple banking arrangement.

Banks are advised to be guided by the need for effective due diligence in these matters as also the objective of customer satisfaction and ensure that suitable arrangements are in place for prompt and serious attention to references received from banks in this regard.

3 RESTRICTIONS ON OPENING OF CERTAIN TYPES OF DEPOSIT ACCOUNTS

3.1 Minor's Account with Mother as Guardian

3.1.1 Generally, the banks are reluctant to open deposit account in the name of minor, with mother as guardian. Presumably, the bank's reluctance to allow mother a guardian when the father is alive, is based on section 6 of the Hindu Minority and Guardianship Act, 1956 which stipulates that, during his lifetime, father alone should be the natural guardian of a Hindu minor.

- 3.1.2 The legal and practical aspects of the problem have been examined by the Reserve Bank of India and it is felt that if the idea underlying the demand for allowing mothers to be treated as guardians related only to the opening of fixed, recurring deposit and savings banks accounts, there should be no difficulty in meeting/requirements, as notwithstanding the legal provisions, such accounts could be opened by banks provided they take adequate safeguards in allowing operations in the accounts by ensuring that minors' account opened with mothers as guardians are not allowed to be overdrawn and that they always remain in credit. In this way, the minor's capacity to enter into contract would not be a subject matter of dispute.
- 3.1.3 Further in cases where the amount involved is large, and if the minor is old enough to understand the nature of the transaction, the banks could take his acceptance also for paying out money from such account.

4. NOMINATION FACILITIES

4.1 The Act Provisions

Sections 45ZA to 45ZF of the Banking Regulation Act, 1949 (As applicable to co-operative societies) provide, *inter alia*, for the following matters:

- (i) to enable a co-operative bank to make payment to the nominee of a deceased depositor, of the amount standing to the credit of the depositor.
- (ii) to enable a co-operative bank to return the articles left by a deceased person in its safe custody to his nominee, after making an inventory of the articles in the manner directed by the Reserve Bank.
- (iii) to enable a co-operative bank to release the contents of a safety locker to the nominee, of the hirer of such locker, in the event of the death of the hirer after making an inventory of the contents of the safety locker in the manner directed by the Reserve Bank.

4.2 The Rules

The Co-operative Banks (Nomination) Rules, 1985 provide for:

- (i) Nomination forms for deposit accounts, articles kept in safe custody and the contents of safety lockers,
- (ii) Forms for cancellation and variation of the nomination,
- (iii) Registration of nominations and cancellation and variation of nominations, and
- (iv) Matters related to the above.

4.3 Record of Nomination

- 4.3.1 The Rules 2(10), 3(9) and 4(10) require a bank to register in its books the nomination, cancellation and/or variation of the nomination. The banks should accordingly take action to register nominations or changes therein, if any, made by their depositor(s)/hirer(s) of lockers.
- 4.3.2 The banks should ensure that the nomination facilities are made available to their customers.

4.4 Nomination Facility for Deposit Accounts

4.4.1 Legal Provisions

The legal provisions for nomination and payment of depositor's money to the nominee and protection against notice of claims of the other persons are detailed in Sections 45ZA and 45ZB.

4.4.2 Nomination Rules in respect of Deposit Accounts

The Nomination Rules in respect of Deposit Accounts provide as under:

- (a) The nomination to be made by the depositor or, as the case may be, all the depositors together in respect of a deposit held by a co-operative bank to the credit of one or more individuals.
- (b) The said nomination may be made only in respect of a deposit, which is held in the individual capacity of the depositor and not in any representative capacity as the holder of an office or otherwise.
- (c) Where the nominee is a minor, the depositor or, as the case may be, all the depositors together, may, while making the nomination, appoint another individual not being a minor, to receive the amount of the deposit on behalf of the nominee in the event of the death of the depositor or, as the case may be, all the depositors during the minority of the nominee.
- (d) In the case of a deposit made in the name of a minor, the nomination shall be made by a person-lawfully entitled to act on behalf of the minor. .
- (e) The cancellation of the said nomination to be made by the depositor or, as the case may be, all the depositors together.
- (f) A variation of the said nomination to be made by the depositor or, as the case may be, all the depositors together.
- (g) The said nomination shall be made in favour of only one individual.
- (h) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the deposit is held by a co-operative bank to the credit of the depositor or depositors, as the case may be.
- (i) In the case of a deposit held to the credit of more than one depositor, the cancellation or variation of a nomination shall not be valid unless it is made by all the depositors surviving at the time of the cancellation or variation of the nomination.
- (j) The co-operative bank shall acknowledge in writing, to the concerned depositor or depositors the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of a deposit.
- (k) The relevant duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank shall be registered in the books of the co-operative bank.
- (l) A nomination or cancellation of nomination or variation of nomination shall not cease to be in force merely by reason of the renewal of the deposit.

4.4.3 Operational Instructions

- (i) Nomination facility should be made available to all types of deposit accounts irrespective of the nomenclature used by different banks.

- (ii) Unless the customer prefers not to nominate, (this may be recorded, without giving scope for conjecture of non-compliance) nomination should be a rule, to cover all existing and new accounts.
- (iii) Nomination facility is available for saving bank accounts opened for credit of pension. However, Co-operative Societies (Nomination) Rules, 1985, are distinct from the Arrears of Pension (Nomination) Rules, 1983, and the nomination exercised by the pensioner under the latter Rules for receipt of arrears of pension will not be valid for the purpose of deposit accounts held by the pensioners with banks for which a separate nomination is necessary in terms of Co-operative Societies (Nomination) Rules, 1985, in case a pensioner desires to avail of nomination facility.
- (iv) In addition to obtaining nomination form, banks may provide for mentioning name and address of the nominee in the account opening form. Publicity about nomination facility is needed, including printing compatible message on chequebook, passbook and any other literature reaching the customer as well as launching periodical drives to popularise the facility.
- (v) In case of joint deposits, after the death of one of the depositors, the banks may allow variation/cancellation of a subsisting nomination by other surviving depositor (s) acting together. This is also applicable to deposits having operating instructions "either or survivor". It may be noted that in the case of a joint deposit account, the nominee's right arises only after the death of all the depositors.
- (vi) The banks may introduce a practice of recording on the face of the pass book the position regarding availment of nomination facility with the legend 'Nomination Registered'. This may be done in the case of term deposit receipts also.

4.5 **Nomination Facility in respect of Articles in Safe Custody**

4.5.1 **Legal Provisions**

The legal provisions providing for nomination and return of articles kept in safe custody to the nominee and protection against notice of claims of other persons are detailed in Sections 45ZC and 45ZD.

4.5.2 **Nomination Rules in respect of Articles in Safe Custody**

The Nomination Rules in respect of articles kept in safe custody provides as under:

- (a) The nomination to be made by an individual (hereinafter referred to as the "depositor") in respect of articles left in safe custody with a co-operative bank.
- (b) Where the nominee is minor, the depositor may, while making the nomination, appoint another individual not being a minor, to receive the said articles on behalf of the nominee in the event of the death of the depositor during the minority of the nominee.
- (c) Where the articles are left in safe custody with a co-operative bank in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
- (d) The nomination should be made in favour of only one individual.

- (e) A nomination, cancellation of nomination or variation of nomination may be made by the depositor at any time during which the articles so deposited are held in safe custody by the co-operative bank.
- (f) The co-operative bank should acknowledge in writing, to the depositor, the filing of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of the articles so deposited.
- (g) The duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank should be registered in the books of the co-operative bank.

4.5.3 Operational Instructions

- (i) Nomination facilities are available only in the case of individual depositors and not in respect of persons jointly depositing articles for safe custody.
- (ii) While returning articles kept in safe custody to the nominee or nominees and surviving hirers, banks are not required to open sealed/closed packets left with them for safe custody while releasing them.
- (iii) In the matter of returning articles left in safe custody by the deceased depositor to the nominee, the Reserve Bank of India, in pursuance of sections 45ZC(3) and 45ZE(4), read with section 56, of the Banking Regulation Act, 1949, has specified the formats for the purpose.
- (iv) In order to ensure that the articles left in safe custody are returned to the genuine nominee, as also to verify the proof of death, co-operative banks may devise their own claim formats or follow the procedure, if any, suggested for the purpose either by their own federation/association or by the Indian Banks Association. As regards proof of death of depositor, the IBA has advised its member banks to follow the procedures as prevalent in banks viz. production of the death certificate or any other satisfactory mode of proof of death.

4.6 Nomination in respect of Safe Deposit Locker Accounts

4.6.1 Legal Provisions

The legal provisions providing for nomination and release of contents of safety lockers to the nominee and protection against notice of claims of other persons are detailed in Sections 45ZE and 45ZF of the Act *ibid*.

4.6.2 The Nomination Rules in respect of Safety Locker

The Nomination Rules in respect of Safety Lockers provide as under:

- (a) Where the locker is hired from a co-operative bank by two or more individuals jointly, the nomination to be made by such hirers.
- (b) In the case of a sole hirer of a locker, nomination shall be made in favour of only one individual
- (c) Where the locker is hired in the name of a minor, the nomination shall be made by a person lawfully entitled to act on behalf of the minor.
- (d) The cancellation of the said nomination to be made by the sole hirer or, as the case may be, joint hirers of a locker.
- (e) A variation of the said nomination to be made by the sole hirer of a locker.

- (f) A variation of the said nomination to be made by the joint hirers of a locker.
- (g) A nomination, cancellation of nomination or variation of nomination may be made as aforesaid at any time during which the locker is under hire.
- (h) A co-operative bank shall acknowledge in writing to the sole hirer or joint hirers, the filling of the relevant duly completed Form of nomination or cancellation of nomination or variation of nomination, as the case may be, in respect of the locker so hired.
- (i) The relevant duly completed Form of nomination or cancellation of nomination or variation of nomination filed with the co-operative bank shall be registered in the books of the co-operative bank.

4.6.3 Operational Instructions

- (i) In the matter of allowing the nominee(s) to have access to the locker and permitting him/them to remove the contents of the locker, the Reserve Bank of India, in pursuance of sections 45ZC(3) and 45ZE (4), read with section 56, of the Banking Regulation Act, 1949, has specified the Formats for Banking Regulation Act, 1949.
- (ii) In order to ensure that the amount of deposits, articles left in safe custody and contents of lockers are returned to the genuine nominee, banks may take action as indicated in para 4.5.3 (iv) above.
- (iii) While releasing contents of lockers to the nominee or nominees and surviving hirers, banks are not required to open sealed/closed packets found in locker.
- (iv) As regards locker hired jointly, on the death of any one of the joint hirers, the contents of the locker are only allowed to be removed (jointly by the nominee and the survivors) after an inventory is taken in the prescribed manner. In such a case, after such removal preceded by an inventory, the nominee and surviving hirer(s) may still keep the entire contents with the same bank, if they so desire by entering into a fresh contract of hiring a locker.
- (v) Section 45ZE, read with section 56, of the Banking Regulation Act, 1949, does not preclude a minor from being a nominee for obtaining delivery of the contents of a locker. However, the responsibility of the banks in such cases is to ensure that when the contents of a locker are sought to be removed on behalf of the minor nominee, the articles are handed over to a person who, in law, is competent to receive the articles on behalf of the minor.

5 OPERATIONS IN ACCOUNTS

5.1 Joint Accounts

5.1.1 Modes of Operations in Joint Accounts

A copy of the letter No. LA.C/19-96-29 dated 28 August 1980, received from the Indian Banks' Association, Bombay is given in the *Annexure I*. Banks may consider the desirability of issuing suitable instructions to their branches for their information and necessary guidance on the subject.

5.1.2 Precautions in Opening Joint Accounts

- (i) In the case of too many joint account holders, the banks should keep the following guidelines in view, while opening joint accounts and permitting operations thereon:

- (a) While there are no restrictions on the number of account holders in a joint account, it is incumbent upon the banks to examine, every request for opening joint accounts very carefully. In particular, the purpose, nature of business handled by the parties and other relevant aspects relating to the business, and the financial position of the account holders, need to be looked into before opening such accounts. Care has also to be exercised when the number of account holders is large.
 - (b) The account payee cheques payable to third parties should not be collected.
 - (c) Cheques that are "crossed generally" and payable to "order" should be collected only on proper endorsement by the payee.
 - (d) Care should be exercised in collection of cheques for large amounts.
 - (e) The transactions put through in joint accounts should be scrutinised by the banks periodically and action taken as may be appropriate in the matter. Care should be exercised to ensure that the joint accounts are not used for benami transactions.
- (ii) The internal control and vigilance machinery should be tightened to cover the above aspects relating to the opening and operation of joint accounts.

5.2 Monitoring Operations in New Accounts

5.2.1 A system of maintaining a close watch over the operations in new accounts should be introduced. While at branches, primarily the responsibility for monitoring newly opened accounts would rest with the in-charges of the concerned Department/Section, the Branch Managers or the Managers of Deposit Accounts Department at larger branches should at least for the first six months, from the date of opening of such accounts, keep a close watch, so as to guard against fraudulent or doubtful transactions taking place therein. If any transaction of suspicious nature is revealed, banks should enquire about the transaction from the account holder, and if no convincing explanation is forthcoming, they should consider reporting such transactions to the appropriate investigating agencies.

5.2.2 Caution should be exercised whenever cheques/ drafts for large amounts are presented for collection, or Telegraphic Transfers (TTs)/Mail Transfers (MTs) are received for credit of new accounts immediately/within a short period after opening of account. In such cases, genuineness of the instruments and the account holder should be thoroughly verified. If necessary the paying bank should check with the collecting bank about the genuineness of any large value cheques/drafts issued. Demand Drafts (DDs)/Cheques for large amounts presented for collection should be verified under ultra violet lamps to safe guard against chemical alterations.

5.3 Monitoring Operations in all Accounts

5.3.1 A system of close monitoring of cash withdrawal for large amounts should be put in place. Where third party cheques, drafts, etc. are deposited in the existing and newly opened accounts followed by cash withdrawals for large amounts, the banks should keep a proper vigil over the requests of their clients for such cash withdrawals for large amounts.

5.3.2 The banks should introduce a system of closely monitoring cash deposits and withdrawals for Rs. 5 lakh and above not only in deposit accounts but also in all other accounts like cash credit/overdraft etc. The banks/branches should also maintain a separate register to record details of individual cash deposits and withdrawals for Rs. 5

lakh and above. The details recorded should include, in the case of deposits, the name of the account holder, account number, amount deposited and in the case of withdrawals, the name of the account holder, account number, amount of withdrawal and name of the beneficiary of the cheque. Further, any cash deposits or withdrawals of Rs. 5 lakh and above should be reported by the Branch Manager to the Head Office on a fortnightly basis along with full particulars, such as name of the account holder, account number, date of opening the account, etc. On receipt of these statements from branches, the Head Office should immediately scrutinise the details thereof and have the transactions looked into by deputing officials, if the transactions prima facie appear to be dubious or giving rise to suspicion. The inspecting officials from the Reserve Bank of India during the course of their inspections will also be looking into the statements submitted by the branches.

- 5.3.3 The other important areas in the payment of cheques wherein due caution need to be exercised are verification of drawer's signature, custody of specimen signature cards, supervision over issue of cheque books and control over custody of blank cheque books/leaves. While need for examining cheques for large amounts under Ultra Violet Ray Lamps is recognised by all banks, in practice it is rarely done as there is often a tendency to be lax in the matter resulting in avoidable loss. In addition, due care should be exercised in regard to issue and custody of tokens, movement of cheques tendered across the counter and custody of all instruments after they are paid by the banks. Depositors/ Customers should be asked to surrender unused cheque books before closing/transferring the accounts. Also safe custody of specimen signature cards is of utmost importance, especially when operating instructions are changed, the change should be duly verified by a senior official in the branch.

5.4 **Issue of Cheque Books**

Fresh cheque books should be issued only against production of duly signed requisition slips from previous cheque book issued to the party. In case the cheque book is issued against a requisition letter, the drawer should be asked to come personally to the bank or cheque book should be sent to him under registered post directly without being delivered to the bearer. Loose cheques should be issued to account holder only when they come personally with a requisition letter and on production of passbooks.

5.5 **Dormant Accounts**

The accounts which have not been operated upon over a period two years should be segregated and maintained in separate ledgers. The relative ledger(s) and the specimen signature cards should be held under the custody of the Manager or one of the senior officials. The first withdrawal in such segregated accounts should be allowed only with the approval of the Manager.

5.6 **Operation of Banks Accounts by Old/Sick/Incapacitated Customers**

- 5.6.1 In order to facilitate old/sick/incapacitated bank customers to operate their bank accounts, procedure as laid down in para 5.6.2 below may be followed. The cases of sick/old/incapacitated account holders fall into the following categories:

- (j) an account holder who is too ill to sign a cheque/cannot be physically present in the bank to withdraw money from his bank account but can put his/her thumb impression on the cheque/withdrawal form, and
- (ii) an account holder who is not only unable to be physically present in the bank but is also not even able to put his/her thumb impression on the cheque/withdrawal form due to certain physical defect/incapacity.

5.6.2 The banks may follow the procedure as under:

- (i) Wherever thumb or toe impression of the sick/old/incapacitated account holder is obtained, it should be identified by two independent witnesses known to the bank, one of whom should be a responsible bank official.
- (ii) Where the customer cannot even put his/her thumb impression and also would not be able to be physically present in the bank, a mark obtained on the cheque/withdrawal form which should be identified by two independent witnesses, one of whom should be a responsible bank official.

5.6.3 In such cases, the customer may be asked to indicate to the bank as to who would withdraw the amount from the bank on the basis of cheque/withdrawal form as obtained above and that person should be identified by two independent witnesses. The person who would be actually drawing the money from the bank should be asked to furnish his signature to the bank.

5.6.4 In this context, according to an opinion obtained by the Indian Banks' Association from their consultant on the question of opening of a bank account of a person who had lost both his hands and could not sign the cheque/withdrawal form, there must be physical contact between the person who is to sign and the signature or the mark put on the document. Therefore, in the case of the person who has lost both his hands, the signature can be by means of a mark. This mark can be placed by the person in any manner. It could be the toe impression, as suggested. It can be by means of mark which anybody can put on behalf of the person who has to sign, the mark being put by an instrument which has had a physical contact with the person who has to sign.

5.7 **Receipt of Foreign Contributions by various Associations/ Organisations in India under Foreign Contribution (Regulation) Act, 1976**

5.7.1 The Foreign Contribution (Regulation) Act, requires that the associations having a definite cultural, economic, educational, religious and social programme and receiving foreign contribution should get themselves registered with the Ministry of Home Affairs, Government of India and receive foreign contribution only through such one of the branches of a bank, as an association may specify in its application for registration with the Ministry of Home Affairs.

5.7.2 Further, the said Act provides that every association referred to in sub-section (1) of Section (6) may, if it is not registered with the Central Government, accept any foreign contribution only after obtaining prior permission of the Central Government.

5.7.3 There are also certain organisations of a political nature, not being political parties (including their branches/units) specified by the Central Government under Section 5(l) of the Act. These organisations require prior Permission of the Central Government for accepting any foreign contribution. In this regard, the banks should take the following precautions:

- (i) To afford credit of the proceeds of cheques/drafts representing foreign contribution only if the association is registered with the Ministry of Home Affairs, Government of India.
- (ii) To insist on production of a communication from the Ministry of Home Affairs conveying prior permission of the Central Government for acceptance of specific amount of foreign contribution in case the association is not registered under the Foreign Contribution (Regulation) Act, 1976.

- (iii) Not to afford credit to the account of such associations as are not registered with the Ministry of Home Affairs separately for the purpose of accepting foreign contribution under the Foreign Contribution (Regulation) Act, 1976.
 - (iv) Not to afford credit to the account of such associations as have been directed to receive foreign contributions only after obtaining prior permission of the Central Government.
 - (v) Not to allow the credit of the proceeds of the cheques/ demand drafts etc. to the organisations of a political nature, not being political parties (including their branches and units) unless a letter containing the prior permission of the Central Government under the Foreign Contribution (Regulation) Act, 1976 is produced by such organisations.
 - (vi) To note the registration number as conveyed by the Ministry of Home Affairs to the various associations in the relevant records particularly the pages of the ledgers in which the foreign contribution accounts of associations are maintained to ensure that no unwanted harassment is caused to such associations.
 - (vii) In case any cheque/demand draft has been tendered to the bank for realisation of its proceeds and credit to the account of the association/organisation by an association or organisation which is not registered or which requires prior permission, as the case may be, the concerned branch of the bank may approach the Ministry of Home Affairs for further instructions. In no case the banks should credit the account of association/organisation of a political nature, not being a political party, as specified by the Central Government and of an unregistered association, unless the association/ organisation produces a letter of the Ministry of Home Affairs conveying permission of the Central Government to accept the foreign contribution.
 - (viii) Where prior permission has been granted such permission is to accept only the specific amount of the foreign contribution which would be mentioned in the relevant letter. The Ministry of Home Affairs is invariably endorsing a copy of the order of registration or prior permission for each association/organisation to the concerned branch of the bank through which the foreign contributions are to be received for credit to the Associations/ Organisations deposit account.
- 5.7.4 For the above purpose, appropriate systems may be devised within the bank to ensure meticulous compliance with these instructions and completely eliminate instances of non-compliance. The system so devised may be intimated to all the branches of the bank for proper implementation and strict compliance and the same should be effectively monitored at Head Office level.
- 5.7.5 Further, banks are also required to submit a return furnishing details of the foreign contributions credited to the accounts of associations/ organisations on a half yearly basis for the period ending 30th September and 31st March every year as per the format given in the *Annexure II* to Government of India, Ministry of Home Affairs within a period of two months from the close of half year. To facilitate timely submission of half yearly returns to the Government, the banks may designate a 'Nodal Officer' at the Head Office who should be responsible for ensuring accurate and timely submission of returns.
- 5.7.6 Non-adherence to these instructions will tantamount to violation of the provisions of the said Act. Even non-submission of the prescribed return in time to the Government of India would be viewed very seriously.

6 DECEASED CONSTITUENTS' ACCOUNTS

- (i) The primary (urban) co-operative banks should not insist on production of succession certificate from the legal heirs irrespective of the amount involved. However, the banks may call for succession certificates from the legal heirs of the deceased depositors where there are disputes and all legal heirs do not join in indemnifying the banks or in certain other exceptional cases where the bank has a reasonable doubt about the genuineness of the claimant/s being the only legal heir/s of the depositor.
- (ii) The banks should adopt such safeguards while settling claims as they consider appropriate including taking of indemnity bond.

7 DEPOSIT MOBILISATION

7.1 Deposit Collection Agents

- 7.1.1 Banks are prohibited from paying brokerage on deposits in any form to any individual, firm, company, association, institution or any other person.
- 7.1.2 Banks should not employ/engage outside persons even through firms/ companies for collection of deposits including Non-Resident deposits or for selling any other deposit linked products on payment of fees/ commission in any form or manner, except to the extent permitted vide RBI Interest Rate Directives.

7.2 Acceptance of Deposits by Unincorporated Bodies/ Private Ltd. Companies with "Bank Guarantee"

Banks should not accept deposits at the instance of private financiers or unincorporated bodies under any arrangement, which provides for either the issue of deposit receipts favouring the clients of private financiers or giving of an authority by power of attorney, nomination otherwise for such clients receiving such deposits at maturity.

7.3 Deposit Collection Schemes Floated by Private Organisations

It may be noted that the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 (No. 43 of 1978) imposes a total ban on the promotion and conduct of prize chit scheme except by charitable and educational institutions notified in that behalf by the State Governments concerned. The lottery falls within the expression "prize chit" under the Act referred to above. Further, sale of lottery tickets on bank counters could be open to abuse and avoidable complaints from members of public. Therefore, the banks should not associate themselves directly or indirectly with lottery schemes of organisations of any description.

8 OTHER ASPECTS

8.1 Greater Co-ordination between Banking System and Income-Tax Authorities

8.1.1 Safe Deposit Lockers

In order to facilitate the identification of locker keys by the Income-tax officials, the banks should emboss on all locker keys an identification code which would indicate the bank and the branch which had hired the lockers.

8.1.2 Co-ordination with Officers of Central Board of Direct Taxes

There is a need for greater co-ordination between the Income Tax Department and the banking system. As such, the banks may ensure that they extend necessary help/co-ordination to tax officials whenever required. Further, the banks will have to view with serious concern cases where their staff connives/assists in any manner with offences punishable under the Income Tax Act. In such cases, in addition to the normal criminal action, such staff member should also be proceeded against departmentally.

8.2 Register for Unclaimed Deposits

8.2.1 The banks are required to submit to the Reserve Bank, a return in Form VIII showing unclaimed deposit accounts in India which have not been operated upon for 10 years or more, as at the end of each calendar year. In order to ensure accuracy and timely reporting, it is desirable to maintain a separate register for this purpose at all the branches of each bank.

8.2.2 The banks should, therefore, advise their branches to maintain a register for unclaimed deposits in a separate register.

8.2.3 The branches may also be advised that entries therein may be made in respect of deposit accounts not operated upon for 10 year. A separate folio may be opened in the register for different types of deposit accounts.

8.2.4 The branches should ensure to note in the folio in which the relative unclaimed deposit account is maintained, that the unclaimed deposits register should be referred to before allowing operations in the account, so as to caution the bank not to allow operations on such accounts in the usual course but to do so after obtaining the authorisation of a higher official.

9 "Know Your Customer" (KYC) guidelines

As part of 'Know Your Customer' (KYC) principle, Reserve Bank has issued several guidelines relating to identification of depositors and advised the banks to put in place systems and procedures to prevent financial frauds, identify money laundering and suspicious activities, and for scrutiny/ monitoring of large value cash transactions. Instructions have also been issued from time to time advising banks to be vigilant while opening accounts for new customers to prevent misuse of the banking system for perpetration of frauds. The following guidelines reinforce instructions on the subject with a view to safeguarding banks from being unwittingly used for the transfer of deposit of funds derived from criminal activity (both in respect of deposit and borrowal accounts), or for financing of terrorism. The guidelines are also applicable to foreign currency accounts/transactions.

9.1 KYC Policy in respect of new accounts

The following KYC guidelines will be applicable to all new accounts.

- (i) KYC procedure should be the key principle for identification of an individual/corporate opening an account. The customer identification should entail verification through an introductory reference from an existing account holder/a person known to the bank or on the basis of documents provided by the customer.

- (ii) The Board of Directors of the banks should put in place adequate policies that establish procedures to verify the bona-fide identification of individual/ corporates opening an account. The Board should also have in place policies that establish processes and procedures to monitor transactions of suspicious nature in accounts and have systems of conducting due diligence and reporting of such transactions.

9.2 Customer identification

- (i) The objectives of the KYC framework should be two fold (a) to ensure appropriate customer identification and (b) to monitor transactions of a suspicious nature. Banks should obtain all information necessary to establish the identity/legal existence of each new customer, based preferably on disclosures by customers themselves. Typically easy means of establishing identity would be documents such as passport, driving license etc. However where such documents are not available, verification by existing account holders or introduction by a person known to the bank may suffice. It should be ensured that the procedure adopted does not lead to denial of access to the general public for banking services.
- (ii) A reference is also invited to the Report on Anti Money Laundering Guidelines for Banks in India prepared by a Working Group, set up by IBA. It may be seen that the IBA Working Group has made several recommendations for strengthening KYC norms with anti money laundering focus and has also suggested formats for customer profile, account opening procedures, establishing relationship with specific categories of customers, as well as an illustrative list of suspicious activities.

9.3 (KYC) procedures for existing customers

Banks should verify the compliance in regard to KYC procedure for the existing customers based on the instructions extant at that time. For this purpose banks should draw up a time bound action plan, as indicated below, for completing the exercise to ensure verification of the identity and address of the customers on the basis of reliable documents, in respect of all the old accounts. In case of partnership firms, KYC procedure may be applied to all the partners.

<i>Sr.No.</i>	<i>Nature of customer accounts</i>	<i>Prescribed date for completion of process</i>
1.	All accounts, of companies, firms, trusts, institutions etc. including borrowal accounts.	June 30, 2004
2.	All customer accounts, including borrowal accounts, opened during the period from January 1, 1998 till date (other than those included in category 1 above)	September 30, 2004
3.	All customer accounts, including borrowal accounts, opened between January 1, 1993 and December 31, 1997 (other than those included in category 1 above)	December 31,2004
4.	All customer accounts including borrowal accounts, opened before 1st January 1993 (other than those included in category 1 above)	March 31, 2005

An inoperative account should be subjected to the KYC procedures as and when any transaction comes up and it is sought to be transferred to the operative category.

Banks may advise their branches suitably in this regard. They are also required to submit compliance report to the concerned Regional Office of this department within one month of each of the prescribed dates for completion of the process indicated above. Such compliance reports should also be put up to the Audit Committee of the Board on a quarterly basis.

9.4 **Ceiling and monitoring of cash transactions**

The extant RBI guidelines on the subject are as under :

- (i) Banks are required to issue travellers cheques, demand drafts, mail transfers, and telegraphic transfers for Rs.50,000 and above only by debit to customers' accounts or against cheques and not against cash. Since KYC is now expected to establish the identity of the customer and as the issue of demand draft etc. for Rs. 50,000 and above is by debit to account, the requirement for furnishing PAN stands increased uniformly to Rs. 50,000.
- (ii) The banks are required to keep a close watch of cash withdrawals and deposits for Rs.5 lakh and above in deposit, cash credit or overdraft accounts and keep record of details of these large cash transactions in a separate register and report such transactions as well as transaction of suspicious nature with full details in fortnightly statements to their Head Office. The Head Office should immediately scrutinise the same and, if necessary, have them looked into by deputing officials.

9.5. **Risk Management and Monitoring Procedures**

In order to check possible abuse of banking channels for illegal and anti-national activities, the Board should clearly lay down a policy for adherence to the above requirements comprising the following :

(i) **Internal Control Systems**

Duties and responsibilities should be explicitly allocated for ensuring that policies and procedures are managed effectively and that there is full commitment and compliance to an effective KYC programme in respect of both existing and prospective deposit accounts. Controlling offices of banks should periodically monitor strict adherence to the laid down policies and procedures by the officials at the branch level.

(ii) **Terrorism Finance**

RBI has been circulating list of terrorist entities notified by the Government of India to banks so that banks may exercise caution if any transaction is detected with such entities. There should be a system at the branch level to ensure that such lists are consulted in order to determine whether a person/organization involved in a prospective or existing business relationship appears on such a list.

(iii) **Internal Audit/Inspection**

- (a) An independent evaluation of the controls for identifying high value transactions should be carried out at a regular basis by the internal audit function in the banks.
- (b) Concurrent /internal auditors must specifically scrutinize and comment on the effectiveness of the measures taken by branches in adoption of KYC norms and steps towards prevention of money laundering. Such compliance report should be placed before the Audit Committee of the Board (ACB) at quarterly intervals.

(iv) **Identification and Reporting of Suspicious Transactions**

Banks should ensure that the branches and Head Offices report transactions of suspicious nature to the appropriate law enforcement authorities designated under the relevant laws governing such activities. There should be well laid down systems for freezing of accounts as directed by such authority and reporting thereof to the HO. There must be a quarterly reporting of such aspects and action taken thereon to the ACB or the Board of Directors.

(v) **Adherence to Foreign Contribution Regulation Act (FCRA), 1976**

Banks should adhere to the instructions on the provisions of the Foreign Contribution Regulation Act 1976, cautioning them to open accounts or collect cheques only in favour of associations which are registered under the Act ibid by Government of India. A certificate to the effect that the association is registered with the Government of India should be obtained from the concerned associations at the time of opening of the account or collection of cheques.

Branches should be advised to exercise due care to ensure compliance and desist from opening accounts in the name of banned organizations and those without requisite registration.

(vi) **Record Keeping**

Banks should prepare and maintain documentation on their customer relationships and transactions to meet the requirements of relevant laws and regulations, to enable any transaction effected through them to be reconstructed. In the case of wire transfer transactions, the records of electronic payments and messages must be treated in the same way as other records in support of entries in the account. All financial transactions records should be retained for at least five years after the transaction has taken place and should be available for perusal and scrutiny of audit functionaries as well as regulators as and when required.

(vii) **Training of Staff and Management**

It is crucial that all the operating and management staff fully understand the need for strict adherence to KYC norms. Banks must, therefore, have an ongoing training programme so that staff are adequately trained for their roles and responsibilities as appropriate to their hierarchical level in complying with anti-money laundering guidelines and for implementing KYC policies consistently.

9.6 Obligation to Maintain Confidentiality

Personal information collected by the banks in respect of their customers, while complying with the KYC guidelines, should not be used for cross selling of services of various products by the banks. Similarly such information should also not be provided to other agencies, as it would amount to breach of customer confidentiality obligations. Banks should advise their branches to ensure strict compliance in this regard. Whenever 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 purely on a voluntary basis, after explaining the objectives to the customer and taking his express approval for specific uses to which such information could be put. Banks should get their existing practices examined by the Board/Administrator and issue suitable instructions to their branches to ensure compliance.

10. 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards

'Know Your Customer' guidelines have been revisited in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). These standards have become the international benchmark for framing Anti Money Laundering and Combating Financing of Terrorism policies by the regulatory authorities. Compliance with these standards both by the banks/ financial institutions and the country have become necessary for international financial relationships. Detailed guidelines based on the recommendations of the Financial Action Task Force and the paper issued on Customer Due Diligence(CDD) for banks by the Basel Committee on Banking Supervision, with indicative suggestions wherever considered necessary, are enclosed in Annexure III. Banks are advised to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures is formulated and put in place with the approval of the Board. While preparing operational guidelines, banks may ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is conformity with the guidelines issued in this regard. Any other information from the customer should be sought separately with his/her consent and after opening the account. It may also be ensured that banks are fully compliant with the guidelines before December 31, 2005. As the guidelines are issued under Section 35A of the Banking Regulation Act, 1949(AACS) any contravention of or non-compliance with the same may attract penalties under the relevant provisions of the Act.

Annexure 1

Master Circular

Maintenance of Deposit Accounts

Joint Accounts – ‘Either or Survivor’, ‘Latter or Survivor’ ‘Former or Survivor’, etc.

{Ref.Para 5.1.1 (i)}

LAC/19-96-29 28 August 1980

Chief Executives of all member banks

Dear Sirs,

Joint Accounts ‘Either or Survivor’, Latter or Survivor’ ‘Former or Survivor’ etc.

In the recent past, several letters have appeared in the press highlighting the difficulties experienced by the joint holders of Savings Bank or Term Deposit accounts, especially in regard to payment before maturity or in the settlement of claims when one of the account holders dies. There appears to be some confusion and misunderstanding about the procedure to be followed in respect of such accounts and the legal implications of the expressions ‘Either or Survivor’, ‘Latter or Survivor’, ‘Former or Survivor’ etc.

2. **Joint Accounts**

In the case of joint accounts (current Savings or Deposits) in the names of two or more persons, the terms relating to which do not provide for payment of the amount due under the account to the Survivor(s) in the event of death of one of them, for the banks to obtain a valid discharge payment should be made jointly to Survivor(s) and the legal heirs of the deceased joint account holder. In such a case, in view of the difficulty in ascertaining with certainty as to who the legal heirs of the deceased are, it is the practice of the banks to insist on the production of legal representation (to the estate of the deceased) before settling the claim. As obtaining a grant of legal representation would entail delay and expenses, banks should encourage the opening of joint accounts on terms such as, payable to (a) Either or Survivor, (b) Former/Latter or Survivor, (c) Anyone or Survivors, or Survivor, etc. This point has been emphasised in the Recommendation NO. 6 of the Working Group on Customer Service in banks.

3. **Benefits of Survivorship**

If the benefit of survivorship is provided, the survivor can give a valid discharge to the bank. Even though payment to the survivor will confer a valid discharge to the bank, the survivor will, however, hold the money only as trustee for the legal heirs (who may include the survivor as well) unless he is the sole beneficial owner of the balance in the account or the sole legal heir of the deceased. Thus, the survivor’s right unless he is the sole owner of the balance in the account/sole legal heir of the deceased, is only in the nature of a mere right to collect the money from the bank. If the legal heirs of the deceased lay a claim to the amount in the bank, they should be advised that in terms of the contract applicable to the account, the survivor is the person entitled to payment by the bank and that, unless the bank is restrained by an order of a competent court, the bank would be within its rights to make the payment to the survivors) named

in the account. The position, briefly, is that a payment to survivor can be made if there are no orders from a competent court restraining the bank from making such payments.

4. **Joint Savings Bank Account – Either or Survivor/
Any one or Survivors or Survivor**

As stated in para 3 above, the survivor can give a valid discharge to the bank. If the legal heirs claim the amount, the bank can inform them that unless they obtain and have served on the bank an order of competent court restraining the bank from effecting payment to the survivor, the bank will be within its rights to do so.

5. **Joint Term Deposit Account – Premature/Payment or Loan on death of one of the
account holders**

5.1 **Account in the style of ‘Either or Survivor or ‘Anyone or Survivors or Survivor’**

In a joint term deposit account which has been opened in the style of either or survivor/any one or survivors or survivor, the bank often receives a request, on the death of one of the joint account holders, from the surviving depositor(s) to allow premature encashment or the grant of a loan against the term deposit receipt. It would be in order to accede to the request of the surviving depositor(s) for premature payment if (i) there is an option included in the contract of deposit to repay before maturity and (ii) “either/any one or survivorship” mandate has been obtained from original depositors. Requests for loans from surviving depositor(s) could also be considered in special cases, though in the case of such loans, the bank may face a possible risk if the legal representatives of the deceased depositor lay an effective claim to the deposit before it is paid on maturity. In such an event, the bank will have to look to the borrower(s) for repayment. This position for premature payment or grant of loan is applicable also in respect of a joint account (in the style of either or survivor/any one or survivors or survivor), where all the account holders are alive.

As a measure of operational prudence, a clause to the effect that loan/premature payment can be permitted to either/any one of the depositors any time during the deposit period can, however, be included in the term deposit contract, i.e. the account opening or application form itself, in the manner indicated in para 6 below.

5.2 **Joint Term Deposit – Former or Survivor/Latter or Survivor etc.**

In the case of these term deposits, the intention of the owner depositor (former/latter) is to facilitate repayment of the term deposit to the survivor only in the event of his death. He (the owner depositor) is in a position to retain with him at all times, the right to dispose of the monies until his death or maturity of the deposit receipt, whichever is earlier. There should, therefore, be no objection to the bank permitting premature payment of such deposits or granting advances against them at the request of the former/latter without insisting on the production of a consent letter from the other party/parties to the term deposit receipt. Here also it is preferable to make this position explicit to the joint depositors, by incorporating suitable clause in the term deposit account opening or application form.

6. **Special clause in the application/account opening form for Term Deposit Receipt**

Banks may consider incorporating a clause to the following effect in the account opening form/application form establishing the contract of term deposit:

‘The Bank may, on receipt of written application from Shri ----- the former/the latter/**the first** name the second name etc. of us or **Either or Survivor of us**, in its Any one or Survivors of Survivor of us, absolute discretion and subject to such terms and conditions as the Bank may stipulate, (a) grant a loan/advance against the security of the term deposit receipt to be issued in our joint names or (b) make premature payment of the proceeds of the deposit to the

former/the latter/**the first named of us**/either the second or survivor of us etc. named of us/any one of us or survivors or survivor of us”.

Annexure II

Master Circular

Maintenance of Deposit Accounts

**Details of Foreign Contribution received by Associations
covered under Foreign Contributions (Regulations) Act, 1976**

[Ref. Para 5.7.5]

**Receipts of Foreign Contribution by various Associations/
Organisation in India under FC(R) Act, 1976**

Name and address of the branch of the Bank :

Sr. No.	Name & Address of the Association and Account Number	Registration Number under FC(R) Act, 1976	Letter(s) No. & Date of MHA granting permission under FC(R) Act, 1976	Date of Credit to the Account	Amount (in Rs.)	Details of Donor(s), if available
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>

Annexure III

Guidelines on 'Know Your Customer' norms And Anti-Money Laundering Measures

'Know Your Customer' Standards

The objective of KYC guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering activities. KYC procedures also enable banks to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently. Banks should frame their KYC policies incorporating the following four key elements:

- (i) Customer Acceptance Policy;
- (ii) Customer Identification Procedures;
- (iii) Monitoring of Transactions; and
- (iv) Risk management.

(b) For the purpose of KYC policy, a 'Customer' may be defined as :

- (i) a person or entity that maintains an account and/or has a business relationship with the bank;
- (ii) one on whose behalf the account is maintained (i.e. the beneficial owner);
- (iii) beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors etc. as permitted under the law, and
- (iv) 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.

2.Customer Acceptance Policy (CAP)

Banks should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in the bank.

- (i) No account is opened in anonymous or fictitious/ benami name(s);
- (ii) Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status etc. to enable categorization of customers into low, medium and high risk (banks may choose any suitable nomenclature viz. level I, level II and level III); customers requiring very high level of monitoring, e.g. Politically Exposed Persons (PEPs – as explained in Annex A) may, if considered necessary, be categorized even higher;
- (iii) Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of PML Act, 2002 and guidelines issued by Reserve Bank from time to time;
- (iv) Not to open an account or close an existing account where the bank is unable to apply appropriate customer due diligence measures i.e. bank is unable to verify the identity and /or obtain documents required as per the risk categorization due to non cooperation of the customer or non reliability of the data/information furnished to the bank. It may, however, be necessary to have suitable built in safeguards to avoid harassment of the customer. For example, decision to close an account may be taken at a reasonably high level after giving due notice to the customer explaining the reasons for such a decision;
- (v) Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out in conformity with the established law and

practice of banking as there could be occasions when an account is operated by a mandate holder or where an account may be opened by an intermediary in the fiduciary capacity and

- (vi) Necessary checks before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.

Banks may prepare a profile for each new customer based on risk categorization. The customer profile may contain information relating to customer's identity, social/financial status, nature of business activity, information about his clients' business and their location etc. The nature and extent of due diligence will depend on the risk perceived by the bank. However, while preparing customer profile banks should take care to seek only such information from the customer, which is relevant to the risk category and is not intrusive. The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or any other purposes.

For the purpose of risk categorization, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions in whose accounts by and large conform to the known profile, may be categorized as low risk. Illustrative examples of low risk customers could be salaried employees whose salary structures are well defined, people belonging to lower economic strata of the society whose accounts show small balances and low turnover, Government departments & Government owned companies, regulators and statutory bodies etc. In such cases, the policy may require that only the basic requirements of verifying the identity and location of the customer are to be met. Customers that are likely to pose a higher than average risk to the bank may be categorized as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile etc. Banks may apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring higher due diligence may include (a) non-resident customers, (b) high net worth individuals, (c) trusts, charities, NGOs and organizations receiving donations, (d) companies having close family shareholding or beneficial ownership, (e) firms with 'sleeping partners', (f) politically exposed persons (PEPs) of foreign origin, (g) non-face to face customers, and (h) those with dubious reputation as per public information available, etc.

It is important to bear in mind that the adoption of customer acceptance policy and its implementation should not become too restrictive and must not result in denial of banking services to general public, especially to those, who are financially or socially disadvantaged.

3.Customer Identification Procedure (CIP)

The policy approved by the Board of banks should clearly spell out the Customer Identification Procedure to be carried out at different stages i.e. while establishing a banking relationship; 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. Customer identification means identifying the customer and verifying his/ her identity by using reliable, independent source documents, data or information. Banks need to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional, and the purpose of the intended nature of banking relationship. Being satisfied means that the bank must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk based approach is considered necessary to avoid disproportionate cost to banks and a burdensome regime for the customers. Besides risk perception, the nature of information/documents required would also depend on the type of customer (individual, corporate etc.). For customers that are natural persons, the banks should obtain sufficient identification data to verify the identity of the customer, his address/location, and also his recent photograph. For customers that are legal persons or entities, the bank should (i) verify the legal status of the legal person/ entity through

proper and relevant documents (ii) verify that any person purporting to act on behalf of the legal person/entity is so authorized and identify and verify the identity of that person, (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given in Annex-I for guidance of banks. Banks may, however, frame their own internal guidelines based on their experience of dealing with such persons/entities, normal bankers' prudence and the legal requirements as per established practices. If the bank decides to accept such accounts in terms of the Customer Acceptance Policy, the bank should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are. An indicative list of the nature and type of documents/information that may be relied upon for customer identification is given in the Annex B.

4. Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. Banks can effectively control and reduce their risk only if they have an understanding of the normal and reasonable activity of the customer so that they have the means of identifying transactions that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the account. Banks should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. The bank may prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should particularly attract the attention of the bank. Very high account turnover inconsistent with the size of the balance maintained may indicate that funds are being 'washed' through the account. High-risk accounts have to be subjected to intensified monitoring. Every bank should set key indicators for such accounts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors. Banks should put in place a system of periodical review of risk categorization of accounts and the need for applying enhanced due diligence measures. Banks should ensure that a record of transactions in the accounts is preserved and maintained as required in terms of section 12 of the PML Act, 2002. It may also be ensured that transactions of suspicious nature and/ or any other type of transaction notified under section 12 of the PML Act, 2002, is reported to the appropriate law enforcement authority.

Banks should ensure that its branches continue to maintain proper record of all cash transactions (deposits and withdrawals) of Rs.5 lakh and above. The internal monitoring system should have an inbuilt procedure for reporting of such transactions and those of suspicious nature to controlling/ head office on a fortnightly basis.

5. Risk Management

The Board of Directors of the bank should ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. It should cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the bank for ensuring that the bank's policies and procedures are implemented effectively. Banks may, in consultation with their boards, devise procedures for creating Risk Profiles of their existing and new customers and apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or banking/business relationship.

Banks' internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance function should provide an independent evaluation of the bank's own policies and procedures, including legal and regulatory requirements. Banks should ensure that their audit machinery is staffed adequately with individuals who are well-versed in such policies and procedures. Concurrent/

Internal Auditors should specifically check and verify the application of KYC procedures at the branches and comment on the lapses observed in this regard. The compliance in this regard may be put up before the Audit Committee of the Board on quarterly intervals.

Banks must have an ongoing employee training programme so that the members of the staff are adequately trained in KYC procedures. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently.

6.Customer Education

Implementation of KYC procedures requires banks to demand certain information from customers which may be of personal nature or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. There is, therefore, a need for banks to prepare specific literature/ pamphlets etc. so as to educate the customer of the objectives of the KYC programme. The front desk staff needs to be specially trained to handle such situations while dealing with customers.

7.Introduction of New Technologies - Credit cards/debit cards/smart cards/gift cards

Banks should pay special attention to any money laundering threats that may arise from new or developing technologies including internet banking that might favour anonymity, and take measures, if needed, to prevent their use in money laundering schemes.

Many banks are engaged in the business of issuing a variety of Electronic Cards that are used by customers for buying goods and services, drawing cash from ATMs, and can be used for electronic transfer of funds. Further, marketing of these cards is generally done through the services of agents. Banks should ensure that appropriate KYC procedures are duly applied before issuing the cards to the customers. It is also desirable that agents are also subjected to KYC measures.

8. KYC for the Existing Accounts

Banks were advised vide our circular UBD.BPD.PCB.No..41/09.161.00/03-04 dated March 26, 2004 to apply the KYC norms advised vide our circular UBD.No.DS..PCB.Cir 17/13.01.00/2002-03 dated September 18, 2002 to all the existing customers in a time bound manner.

(ii) While the revised guidelines will apply to all new customers, banks should apply the same to the existing customers on the basis of materiality and risk. However, transactions in existing accounts should be continuously monitored and any unusual pattern in the operation of the account should trigger a review of the CDD measures. Banks may consider applying monetary limits to such accounts based on the nature and type of the account. It may, however, be ensured that all the existing accounts of companies, firms, trusts, charities, religious organizations and other institutions are subjected to minimum KYC standards which would establish the identity of the natural/legal person and those of the 'beneficial owners'. Banks may also ensure that term/recurring deposit accounts or accounts of similar nature are treated as new accounts at the time of renewal and subjected to revised KYC procedures.

Where the bank is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the bank may consider closing the account or terminating the banking/business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decisions need to be taken at a reasonably senior level.

9.Appointment of Principal Officer

Banks may appoint a senior management officer to be designated as Principal Officer. Principal Officer shall be located at the head/corporate office of the bank and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He will maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against money laundering and combating financing of terrorism.

Annex A to Annexure III

Customer Identification Requirements – Indicative Guidelines

Trust/Nominee or Fiduciary Accounts

There exists the possibility that trust/nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Banks should determine whether the customer is acting on behalf of another person as trustee/nominee or any other intermediary. If so, banks may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. While opening an account for a trust, banks should take reasonable precautions to verify the identity of the trustees and the letters of trust (including any person settling assets into the trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder managers/ directors and the beneficiaries, if defined.

Accounts of companies and firms

Banks need to be vigilant against business entities being used by individuals as a 'front' for maintaining accounts with banks. Banks should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders.

Client accounts opened by professional intermediaries

When the bank has knowledge or reason to believe that the client account opened by a professional intermediary is on behalf of a single client, that client must be identified. Banks may hold 'pooled' accounts managed by professional intermediaries on behalf of entities like mutual funds, pension funds or other types of funds. Banks also maintain 'pooled' accounts managed by lawyers/chartered accountants or stockbrokers for funds held 'on deposit' or 'in escrow' for a range of clients. Where funds held by the intermediaries are not co-mingled at the bank and there are 'sub-accounts', each of them attributable to a beneficial owner, all the beneficial owners must be identified. Where such funds are co-mingled at the bank, the bank should still look through to the beneficial owners. Where the banks rely on the 'customer due diligence' (CDD) done by an intermediary, they should satisfy themselves that the intermediary is regulated and supervised and has adequate systems in place to comply with the KYC requirements. It should be understood that the ultimate responsibility for knowing the customer lies with the bank.

Accounts of Politically Exposed Persons(PEPs) resident outside India

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. Banks should gather sufficient information on any person/customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Banks should verify the identify of the person and seek information about the sources of funds before accepting the PEP as a customer. The decision to open an account for PEP should be taken at a senior level which should be clearly spelt out in Customer Acceptance policy. Banks should also subject such accounts to enhanced monitoring on an

ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

Accounts of non-face-to-face customers

With the introduction of telephone and electronic banking, increasingly accounts are being opened by banks for customers without the need for the customer to visit the bank branch. In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, there must be specific and adequate procedures to mitigate the higher risk involved. Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for. In such cases, banks may also require the first payment to be effected through the customer's account with another bank which, in turn, adheres to similar KYC standards. In the case of cross-border customers, there is the additional difficulty of matching the customer with the documentation and the bank may have to rely on third party certification/introduction. In such cases, it must be ensured that the third party is a regulated and supervised entity and has adequate KYC systems in place.

Correspondent Banking

Correspondent banking is the provision of banking services by one bank (the "correspondent bank") to another bank (the "respondent bank"). These services may include cash/funds management, international wire transfers, drawing arrangements for demand drafts and mail transfers, payable-through-accounts, cheques clearing, etc. Banks should gather sufficient information to understand fully the nature of the business of the correspondent/respondent bank. Information on the other bank's management, major business activities, level of AML/CFT compliance, purpose of opening the account, identity of any third party entities that will use the correspondent banking services, and regulatory/supervisory framework in the correspondent's/respondent's country may be of special relevance. Similarly, banks should try to ascertain from publicly available information whether the other bank has been subject to any money laundering or terrorist financing investigation or regulatory action. While it is desirable that such relationships should be established only with the approval of the Board, in case the Boards of some banks wish to delegate the power to an administrative authority, they may delegate the power to a committee headed by the Chairman/CEO of the bank while laying down clear parameters for approving such relationships. Proposals approved by the Committee should invariably be put up to the Board at its next meeting for post facto approval. The responsibilities of each bank with whom correspondent banking relationship is established should be clearly documented. In the case of payable-through-accounts, the correspondent bank should be satisfied that the respondent bank has verified the identity of the customers having direct access to the accounts and is undertaking ongoing 'due diligence' on them. The correspondent bank should also ensure that the respondent bank is able to provide the relevant customer identification data immediately on request.

Banks should refuse to enter into a correspondent relationship with a "shell bank" (i.e. a bank which is incorporated in a country where it has no physical presence and is unaffiliated to any regulated financial group). Shell banks are not permitted to operate in India. Banks should also guard against establishing relationships with respondent foreign financial institutions that permit their accounts to be used by shell banks. Banks should be extremely cautious while continuing relationships with respondent banks located in countries with poor KYC standards and countries identified as 'non-cooperative' in the fight against money laundering and terrorist financing. Banks should ensure that their respondent banks have anti money laundering policies and procedures in place and apply enhanced 'due diligence' procedures for transactions carried out through the correspondent accounts.

Annex-B to Annexure III

Customer Identification Procedure

Features to be verified and documents that may be obtained from customers

Features	Documents
<p>Accounts of individuals</p> <ul style="list-style-type: none"> - Legal name and any other names used - Correct permanent address 	<p>(i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the bank's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of bank</p> <p>(i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of the bank)</p> <p>(any one document which provides customer information to the satisfaction of the bank will suffice)</p>
<p>Accounts of companies</p> <ul style="list-style-type: none"> - Name of the company - Principal place of business - Mailing address of the company - Telephone/Fax Number 	<p>(i) Certificate of incorporation and Memorandum & Articles of Association (ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account (iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf (iv) Copy of PAN allotment letter (v) Copy of the telephone bill</p>
<p>Accounts of partnership firms</p> <ul style="list-style-type: none"> - Legal name - Address - Names of all partners and their addresses - Telephone numbers of the firm and partners 	<p>(i) Registration certificate, if registered (ii) Partnership deed (iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf (iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses (v) Telephone bill in the name of firm/partners</p>
<p>Accounts of trusts & foundations</p> <ul style="list-style-type: none"> - Names of trustees, settlers, beneficiaries and signatories - Names and addresses of the founder, the managers/directors and the beneficiaries - Telephone/fax numbers 	<p>(i) Certificate of registration, if registered (ii) Power of Attorney granted to transact business on its behalf (iii) Any officially valid document to identify the trustees, settlors, beneficiaries and those holding Power of Attorney, founders/managers/ directors and their addresses</p> <p>(iv) Resolution of the managing body of the foundation/association</p> <p>(v) Telephone bill</p>

Master Circular
Maintenance of Deposit Accounts

A. List of Circulars consolidated in the Master Circular

No.	Circular No.	Date	Subject
1	UBD PCB Cir No.30 / 09.161.00 / 2004-05	15-12-2004	Know Your Customer (KYC) guidelines – Anti Money Laundering Standards
2	UBD PCB Cir No. 7/09.11.01/2004-05	29-07-2004	Opening of current account by banks- need for discipline
3	UBD PCB Cir No. 14/09.11.01/2004-05	24-08-2004	Opening of current account by banks- need for discipline
4.	UBD.BPD.(PCB)Cir.48/09.161.00/200	29-05-2004	Know Your Customer Guidelines – Compliance
5	UBD.BPD (PCB)Cir.41/09.161.00/2003-04	26-03-2004	Know your Customer Guidelines – Compliance
6.	UBD.No.DS.PCB.Cir.17/13.01.00/2002-03	18-09-2002	Guidelines on “Know Your Customer” norms and “Cash Transactions”
7.	UBD.CO.BR.29/16.48.00/2000-01	29-01-2001	Payment of balances in accounts of the deceased customers to legal survivors/claimants
8.	UBD.BR.15/16.48.00/2000-2001	21-11-2000	Payment of balances in accounts of the Deceased Customers to survivors/claimants
9.	UBD.CO.BSD.I/11/12.05.00/2000-2001	15-11-2000	Opening of deposit accounts - Completion of formalities
10.	UBD.BR.Cir.3/16.48.00/2000-2001	25-08-2000	Payment of balance in accounts of the Deceased customers to survivors/claimants
11.	UBD No BSD.I/ 12/12.05.00/99-2000	28-10-1999	Receipt of foreign contributions by various Associations/Organisations in India under Foreign Contribution (Regulation) Act, 1976
12	.UBD.No.BR.32/16.04.00/98-99	28-06-1999	Nomination Facility in Deposit Accounts
13.	UBD No.BSD.I/PCBs.18/12.05.01/98-99	30-01-1999	Recent of Foreign Contributions by various Associations /Organisations in India under Foreign Contribution (Regulation) Act, 1976
14	UBD.No.DS.PCB.Cir.12/13.01.00/98-99	21-12-1998	Operation of Banks Accounts by Old/Sick/Incapacitated Customers
15.	UBD.No.Plan.PCB.Cir.23/09.50.00/97-98	28-11-1997	Issue of cheque books
16.	UBD.No.BSD.I/PCB/09/12.05.00/97-98	18-09-1997	Opening of fictitious/benami deposit accounts and collection of stolen/forged instruments etc.
17.	UBD.No.I&L.49/12.05.00/95-96	14-03-1996	Frauds in banks - -Extension Counters

18.	UBD.No.I&L.51/12.05.00/95-96	14-03-1996	Frauds in banks through fictitious accounts
19.	UBD.No.I&L.PCB.44/12.05.00/95-96	22-02-1996	Monitoring of deposit accounts
20.	UBD.No.I&L.PCB.36/12.05.00/95-96	05-01-1996	Committee to enquire into various aspects relating to frauds and malpractices in banks
21.	UBD.No.I&L.PCB.28/12.05.00/95-96	10-11-1995	Monitoring of deposit accounts
22.	UBD.No.I&L/PCB/65/12.05.00/94-95	28-06-1995	Frauds in banks - Monitoring of deposit accounts
23.	UBD.No.I&L(PCB)38/12.15.00/94-95	10-01-1995	34th Report of the Estimates Committee on the Ministry of Finance (Department of Economic Affairs) - Prevention of frauds
24.	UBDNo.I&L27/12.05.00/94-95	31-10-1994	Committee to enquire into various aspects relating to frauds and malpractices in banks obtaining photographs of depositors
25.	UBD.No.I&L/PCB24/12.05.00/94-95	19-10-1994	Fraudulent encashment of payment instruments
26.	UBD.No.I&L74/12.05.00/93/94	27-05-1994	Committee to enquire into various aspects relating to frauds and malpractices in banks
27.	UBDNo.36/12.05.00/93-94	08-12-1993	Committee to enquire into various aspects relating to frauds and malpractices in banks Primary Co-operative Banks
28.	UBD.DC.1/V.1-89/90	02-01-1990	Opening of Bank Accounts in the Names of Minors with Mothers as Guardians
29.	UBD.No.BR.695/B.1-88/89	19-12-1988	Payment of Balance in Accounts of the Deceased Customers to Survivors/Claimants - Non-insistence on Production of Succession Certificate - Extension to Other Assets
30.	Ref.UBD.No.DC.18/V.1-88/89	10-08-1988	Deposit Collection Schemes floated by Private Organisations - Sale of Lottery Tickets by Banks
31.	UBD.No.BR.483/B1-87/88	21-10-1987	Payment of Balance in Accounts of the Deceased Customers to Survivors/Claimants
32.	UBD.No.I&L.88/J.1-87/88	08-06-1987	Matters relating to Greater Co-ordination between Banking System and Income-tax Authorities
33.	UBD.DC.19/V.1.86/87	03-09-1986	Acceptance of Deposits by Unincorporated Bodies/ Private Ltd. Companies with "Bank Guarantee"
34.	UBD.BR.13/A6-86/87	11-08-1986	Banking Laws (Amendment) Act, 1983 - Sections 45ZA to 45ZF read with Section 56 of the Banking Regulation Act, 1949 - Co-operative Banks Nomination Rules, 1985 - Nomination Facilities
35.	UBD.No.I&L.110/J.I-85/86	02-06-1986	Deposit Accounts - Opening of
36.	UBD.BR.764A/A-6-84/85	29-03-	Banking Laws (Amendments) Act, 1983-84 -

		1985	Bringing into force of remaining provisions
37.	UBD.(DC)1148/V.1-84/85	22-02-1985	Opening of a bank account in the name of minor with mother as guardian
38.	UBD.BR.16/A.6-84/85	09-07-1984	Banking Laws (Amendment) Act, 1983
39.	DBOD.UBD.(I & L) No.2584/J1-82/83	22-03-1983	Opening of various deposit accounts in primary co-operative banks-introduction
40.	ACD.ID(P)6428/J.1/80-81	17-02-1981	Joint accounts 'either or survivor', latter or survivor, 'former or survivor' etc.
41.	ACD: ID: 4998-J: 17-76-7	09-12-1976	Deposit Accounts: Introduction
42.	ACD:INSP: 5173/F:15/70-71	17-06-1971	Register for Unclaimed Deposits
43.	ACD.BR.1454/A.1/67-8	08-04-1968	Position of term deposits accepted prior to the commencement of the banking laws (application to co-operative societies) act 1965 by a co-operative society other than a primary credit society or a co-operative bank

B. List of Other Circulars from which instructions relating to maintenance of deposit accounts have also been consolidated in the Master Circular

No.	Circular No.	Date	Subject	Para No. of the Circular	Para No. of the Master Circular
1.	UBD.BSD-I/8/12.05.00/2000-2001	09-11-2000	Frauds - Preventive Measures	Annexure	2
2.	UBD.21/12:15:00/93-94	21-09-1993	Committee to enquire into various aspects relating to frauds and malpractices in banks primary (urban) co-operative banks	Appendix	2