



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2010-11/350

UBD. BPD. No. 33 /12.05.001/2010-11

December 31, 2010

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

Dear Sir,

Operation of bank accounts and money mules

Please refer to circular UBD.No. DS. PCB. Cir. 17 /13.01.00/2002-03 dated September 18, 2002, UBD PCB. Cir.30/09.161.00/2004-05 dated December 15, 2004 and subsequent guidelines on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/ Combating of Financing of Terrorism (CFT) issued by the Reserve Bank with a view to preventing banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

2. It has been brought to our notice that "Money mules" can be used to launder the proceeds of fraud schemes (e.g., phishing and identity theft) by criminals who gain illegal access to deposit accounts by recruiting third parties to act as "money mules." In some cases these third parties may be innocent while in others they may be having complicity with the criminals.

3. In a money mule transaction, an individual with a bank account is recruited to receive cheque deposits or wire transfers and then transfer these funds to accounts held on behalf of another person or to other individuals, minus a certain commission payment. Money mules may be recruited by a variety of methods, including spam e-mails, advertisements on genuine recruitment web sites, social networking sites, instant messaging and advertisements in newspapers. When caught, these money mules often have their bank accounts suspended, causing inconvenience and potential financial loss, apart from facing likely legal action for being part of a fraud. Many a time the address and contact details of such mules are found to be fake or not up to date, making it difficult for enforcement agencies to locate the account holder.

4. The operations of such mule accounts can be minimised if banks follow the guidelines contained in the various circulars of the Reserve Bank on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/ Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002. UCBs are, therefore, advised to strictly adhere to the guidelines on KYC/AML/CFT issued from time to time and to those relating to periodical updation of customer identification data after the account is opened and also monitor transactions in order to protect themselves and their customers from misuse by such fraudsters.

Yours faithfully

(Uma Shankar)
Chief General Manager

शहरी बैंक विभाग, केन्द्रीय कार्यालय, गारमेट हाउस, पहली मंजिल, वरली, मुंबई - 400 018

फोन: 022 - 2493 9930 - 49, फैक्स: 022 - 2497 4030 / 2492 0231, ई मेल: cgmincubd@rbi.org.in

Urban Banks Department, CO, 1 Floor, Garment House, Worli, Mumbai - 400 018

Phone: 022 - 2493 9930 - 49, Fax: 022 - 2497 4030 / 2492 0231, Email: cgmincubd@rbi.org.in

बैंक हिन्दी में पत्राचार का स्वागत करता है ।