



RBI/2012-13/459

DBOD.AML.BC. No.87/14.01.001/2012-13

March 28, 2013

The Chairmen / CEOs of all Scheduled Commercial Banks
(Excluding RRBs)/Local Area Banks / All India Financial Institutions

Dear Sir,

Know Your Customer (KYC) norms /Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under Prevention of Money Laundering Act (PMLA), 2002 - Simplifying norms for Self Help Groups

Please refer to our [circular DBOD.AML.BC. No. 65/14.01.001/ 2012-13 dated December 10, 2012](#) on simplification of Know Your Customer (KYC) norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002. In order to address the difficulties faced by Self Help Groups (SHGs) in complying with KYC norms while opening savings bank accounts and credit linking of their accounts, it has been decided to simplify certain norms for SHGs.

2. Accordingly, KYC verification of all the members of SHG need not be done while opening the savings bank account of the SHG and KYC verification of all the office bearers would suffice. As regards KYC verification at the time of credit linking of SHGs, it is clarified that since KYC would have already been verified while opening the savings bank account and the account continues to be in operation and is to be used for credit linkage, no separate KYC verification of the members or office bearers is necessary.

3. Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully,

(Sudha Damodar)
Chief General Manager