



RBI/ 2010-11/245

DBOD. AML. BC. No. 50 /14 .01.001/2010-11

October 26, 2010

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

Dear Sir,

Opening of bank accounts - salaried employees

Please refer to our Master Circular on Know Your Customer (KYC) norms /Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002 issued to banks vide [DBOD.AML.BC.No.2/ 14.01.001 / 2010 – 11 dated July 01, 2010](#). In Annex I to the circular an indicative list of the nature and type of documents/ information that may be relied upon for customer identification and address verification for opening bank accounts has been given.

2. It has been brought to our notice that for opening bank accounts of salaried employees some banks rely on a certificate/letter issued by the employer as the only KYC document for the purposes of certification of identity as well as address proof. Such a practice is open to misuse and fraught with risk. It is, therefore, clarified that with a view to containing the risk of fraud banks need to rely on such certification only from corporates and other entities of repute and should be aware of the competent authority designated by the concerned employer to issue such certificate/letter. Further, **in addition** to the certificate from employer, banks should insist on at least one of the officially valid documents as provided in the Prevention of Money Laundering Rules (viz. passport, driving licence, PAN Card, Voter's Identity card etc.) or utility bills for

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KYC purposes for opening bank account of salaried employees of corporates and other entities.

3. These guidelines are issued under Section 35A of the Banking Regulation Act, 1949 and Rule 7 of Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. Any contravention thereof or non-compliance shall attract penalties under Banking Regulation Act.

Yours faithfully,

(Vinay Baijal)
Chief General Manager