

July 20, 2005

All Scheduled Commercial Banks

Dear Sir

**Internet Banking in India – Guidelines**

Please refer to our circular DBOD No.Comp.BC.130/07.03.23/2000-01 dated June 14, 2001 in terms of which banks were advised to seek prior approval of Reserve Bank of India before offering transactional services on the Internet. The position has since been reviewed and banks are advised that while the offering of Internet Banking services will continue to be governed by the provisions of the above circular, no prior approval of the Reserve Bank of India will be required for offering Internet Banking services.

2. Banks should, however, ensure compliance with the following conditions:

(a) The Internet Banking policy has been approved by the Bank's Board.

(b) The policy fits into the bank's overall Information Technology and Information Security policy and ensures confidentiality of records and security systems.

(c) The policy takes into account operational risk.

(d) The policy clearly lays down the procedure to be followed in respect of "Know Your Customer" requirements, and

(e) The policy broadly meets the parameters laid down in our above circular.

3. Please acknowledge receipt.

Yours faithfully,

Prashant Saran  
Chief General Manager