



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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September 16, 2013

The Chairmen / CEOs of all Regional Rural Banks /
State and Central Co-operative Banks

Dear Sir,

Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002 – Information sought by banks from customers

Please refer to our circulars [RPCD.No.RRB.BC.81/03.05.33\(E\)/2004-05](#) and [RPCD.AML.BC.No.80/07.40.00/2004-05 both dated February 18, 2005](#) on Know Your Customer (KYC) Guidelines - Anti-Money Laundering Standards. The objective of these guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. The KYC procedures also enable banks to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently. However, it has come to the notice of Reserve Bank that banks are seeking personal information/details like number of dependents, the names of sons and daughters, lifestyle, number of foreign visits undertaken during the last three years, details of family members/relatives settled abroad, assets and liabilities, name and date of birth of spouse, wedding date, investments, etc., from customers which are not mandatory and relevant to perceive risk of a prospective customer while complying with KYC/AML requirement during the process of opening an account or during periodic updation. This has led to customer complaints that banks are going overboard in seeking information for KYC compliance and thereby invading into their privacy.

2. In this connection, attention of Regional Rural Banks and State and Central Co-operative Banks is drawn to paragraph 2 of our circulars dated February 18, 2005

ग्रामीण आयोजना और ऋण विभाग, केंद्रीय कार्यालय, 10वीं मंज़िल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, पो.वा.सं.10014, मुंबई 400 001

टेलीफोन: Tel: 022-22601000 फैक्स Fax: 91-22-22621011/22610948 ईमेल E-mail: cgmicrpcd@rbi.org.in

Rural Planning & Credit Department, Central Office, 10th Floor, Central Office Building, S. B. S. Marg, P. Box No.10014, Mumbai 400001

हिंदी आसान है, इसका प्रयोग बढ़ाइए

चेतावनी: रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्तिगत जानकारी जैसे बैंक के खाते का ब्यौरा, पासवर्ड आदि

नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords,

etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

referred to above that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in 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.

3. It is, therefore, reiterated that 'mandatory' information required for KYC purpose which the customer is obliged to give while opening an account only should be obtained at the time of opening the account/during periodic updation.

4. Other 'optional' customer details/additional information, if required may be obtained separately after the account is opened only with the explicit consent of the customer. The customer has a right know what is the information required for KYC that she/he is obliged to give, and what is the additional information sought by the bank that is optional.

5. Further, it is reiterated that banks should keep in mind that the information (both 'mandatory' – before opening the account as well as 'optional'- after opening the account with the explicit consent of the customer) collected from the customer is to be treated as confidential and details thereof are not to be divulged for cross selling or any other like purposes.

6. Regional Rural Banks and State and Central Co-operative Banks are advised to ensure strict adherence to the same.

Yours faithfully,

(A. Udgata)
Principal Chief General Manager