



ZILA SAHKARI BANK LIMITED,
GHAZIABAD

KYC(KNOW YOUR CUSTOMER) INFORMATION FOR CUSTOMERS
INTENDING TO OPEN BANK ACCOUNTS WITH US

The Reserve Bank of India (RBI) has advised banks to follow a 'KYC guidelines', wherein certain personal information of the account-opening prospect or the customer is obtained. The objective of doing so is to enable the Bank to have positive identification of its customers. This is also in the interest of customers to safeguard their hard earned money.

The KYC guidelines of RBI mandate banks to collect three proofs from their customers. They are

1. Photograph
2. Proof of identity
3. Proof of address

Accordingly, ZSBL, Ghaziabd has framed its KYC procedure according to which, a photograph and documentary proof of personal identification and address proof are required to be provided.

Our KYC procedure specifies certain commonly available documents as proof of personal identification and address proof, so as to not cause inconvenience to those intending to open bank accounts in our Bank.

The Account Opening Form provides the nature of documents required / procedure to be followed for opening a new account. You may also log in to our website www.zsblghaziabd.com for such information which is displayed product-wise.

Our Branch officials at the Account Opening Desk / Sales Team will also be able to provide guidance regarding the different types of documents acceptable for opening any new account.

We request your kind co-operation in providing the required documents for opening new accounts to enable us to adhere to the KYC policy.

KNOW YOUR CUSTOMER – WHAT YOU MUST KNOW

What is KYC?

Know Your Customer - KYC enables banks to know/ understand their customers and their financial dealings to be able to serve them better

Who is a customer of the Bank?

For the purpose of KYC Policy, a Customer is defined as:

- A person or entity that maintains an account and/or has a business relationship with the Bank;
- One on whose behalf the account is maintained (i.e. the beneficial owner);
- Beneficiaries of transactions conducted by professional intermediaries, such as Stock Brokers, Chartered Accountants, Solicitors, etc. as permitted under the law, and
- Any person or entity connected with a financial transaction, which can pose significant reputation or other risks to the Bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

Why does the Bank ask you for proof of your identity and address?

The identification of a customer is a very critical process with a view to protect the customer interests by preventing from fraudsters who may use the name, address and forge signature to undertake benami / illegal business activities, encashment of stolen drafts, cheques, dividend warrants, etc. This also helps to safeguard banks from unwittingly used for the transfer of deposit of funds derived from criminal activity or for financing terrorism. Identification of customers will also help to control financial frauds, identify money laundering and suspicious activities, and for scrutiny / monitoring of large value cash transactions.

Are KYC requirements new?

No, KYC requirements have always been in place and Banks have been taking KYC documents in accordance with the guidelines issued by RBI from time to time. RBI has revisited the KYC guidelines in the context of recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering standards and on Combating Financing of Terrorism and enhanced the KYC standards in line with international benchmarks

Is KYC mandatory?

Yes. It is a regulatory and legal requirement.

Regulatory: In terms of the guidelines issued by the Reserve Bank of India (RBI) on November 29, 2004 on Know Your Customer [KYC] Standards – Anti Money Laundering [AML] Measures, all banks are required to put in place a comprehensive policy framework covering KYC Standards and AML Measures.

Legal: The Prevention of Money Laundering Act, 2002 (PMLA) which came into force from July 1, 2005 (after “rules” under the Act were formulated and published in the Official Gazette) also requires Banks, Financial Institutions and Intermediaries to ensure that they follow certain minimum standards of KYC and AML as laid down in the Act and the “rules” framed there under

When does KYC apply?

KYC will be carried out at the following stages:

- Opening a new account
- Opening a subsequent account where documents as per current KYC standards not been submitted while opening the initial account

- Opening a Locker Facility where these documents are not available with the bank for all the Locker facility holders
- When the bank feels it necessary to obtain additional information from existing customers based on conduct of the account
- When there are changes to signatories, mandate holders, beneficial owners etc

KYC will also be carried out in respect of non-account holders approaching the bank for high value one-off transactions.

Who is your contact point in the Bank for KYC purposes?

Your contact point in the Bank will be the Relationship Manager / the official who opens your account and who is in touch with you for your transactions.

What is Money Laundering?

Money Laundering refers to conversion of money illegally obtained to make it appear as if it originated from a legitimate source. Money laundering is being employed by launderers worldwide to conceal criminal activity associated with it such as drugs / arms trafficking, terrorism and extortion. All crimes that produce a financial benefit give rise to money laundering.

What has this got to do with opening bank accounts?

The first step in the laundering process for criminals is to get their money into an account with a Bank, often using a false identity and address. The funds so deposited will be transferred to other accounts locally or abroad or used for buying goods or services. These transactions would appear to be like any legally earned money and becomes difficult to trace it back to its criminal past. Banks under law should not only prevent this, but should stop criminals who wish to use the banking channel to launder the ill-gotten money from illegal / criminal activities.

How could this affect you as a customer?

A key defense against money laundering is to prevent accounts being opened in false identities. Anyone wishing to open an account will therefore be asked for proof of their identity and address. These documents have to be essentially obtained irrespective of the type of account to be opened and the purpose for which the account is opened for.

The fact that these documents are asked for opening of account does not mean that you are suspected of money laundering. Criminals try to appear to be normal law-abiding customers, for example they may try to open a number of accounts using small amounts of money. Hence it is necessary to identify all prospective account holders or customers. Any body including a criminal could falsely use your identity, if these identity documents are not obtained.

What proof of identity will you need?

The best identification documents are those, which are issued by a Government authority, which should have a photograph, address and signature. For an individual documents like copy of the Passport, Election Identity Card, Permanent Account Number (PAN) card, etc. would be sufficient for the purpose of establishing the identity

of a customer. This has to be submitted along with a document to establish the address of the customer. You may approach the nearest branch of the Bank for the list of acceptable documents to be submitted for proof of identity and address.

Similarly, for other entities like firms, companies, trusts, etc., documents like Partnership Deed, Trust Deed, Memorandum & Articles of Association, Certificate of Incorporation, Registration and Service Tax, License under Shops and Establishment Act, etc. would be applicable and the branch / sales staff / call center would be able to help you in providing the details of the list of approved documents.

What will happen if you do not provide the required KYC information / documents to the Bank?

The Bank will be entitled to refuse to open the account (if you are a prospective customer) or discontinue its relationship with you citing non-providing of KYC information / documents (if you are an existing customer). If you however, require reasonable time to furnish certain non-critical documents you can approach the branch / sales staff.

If you are a small depositor, would you still have to go through the stringent KYC requirements?

While the internal procedures of the Bank and the guidelines of RBI require that satisfactory proof of your identity and address, RBI has simplified the KYC procedure with the objective of greater financial inclusion, i.e. making available the basic banking facilities to those persons who intend to keep balances not exceeding Rupees Fifty Thousand (Rs. 50,000/-) in all their accounts taken together and the total credit in all the accounts taken together is not expected to exceed Rupees One Lakh (Rs.1,00,000/-) in a year.

Help us to Help You

Please help us to prevent crime, tax evasion and the laundering of the proceeds of such crime or evasion by being patient when staff asks you to provide documents to prove your identity.

You can also help prevent crime against yourself and others by maintaining the confidentiality of your account details and identity documents.

Indian Regulations on Prevention of Money Laundering – A customer must know

Under the Prevention of Money Laundering Act (PMLA) 2002, and the Rules thereof, the banks are required to report: -

- a) All cash transactions (deposits and withdrawals) of the value of more than Rupees Ten Lakhs or equivalent thereof in foreign currency;
- b) All series of cash transactions integrally connected to each other, which have been valued below Rupees Ten Lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees Ten Lakhs.

- c) All cash transactions where forged or counterfeit currency notes or Bank notes have been used as genuine and where any forgery of a valuable security has taken place;
- d) All suspicious transactions whether or note made in cash and by way of as mentioned in the Rules.

Under regulatory instructions issued by the Reserve Bank of India in consultation with the Government of India and Indian Bank's Association

- a) Demand drafts, mail transfers and travelers cheques for Rs. 50,000/- and above can be issued by banks only by debit to the customer's account or against cheque or other instrument tendered by the purchaser and not against cash payment;
- b) Demand drafts, mail transfers and travelers cheques for Rs. 50,000/- and above can be paid by banks only by credit to the customer's account or through other banking channels and not in cash.

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