JAIIB PPB Module A (Unit 3- Operational Aspects of KYC)

KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Acceptance Policy

No account is opened in anonymous or fictitious/benami name.

(a) No account is opened where appropriate customer due diligence measures cannot be applied either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.

(b) No transaction or account-based relationship is undertaken without following the CDD procedure.

(c) Circumstan [redacted]
person/ent [redacted]

(d) To ensure t [redacted]
or entity, w [redacted]

(e) To verify Pe [redacted]
the issuing [redacted]

(f) To verify th [redacted]

(g) The manda [redacted] tion should be
specified in [redacted]

(h) In case of jo [redacted]

KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Identification Procedures (CIP)

(a) Customer i [redacted]

(i) While ope [redacted]

(ii) Undertaki [redacted]

(iii) If a doubt [redacted]
correctnes [redacted]

(iv) Selling an [redacted]
prepaid/ t [redacted]

(v) Carrying c [redacted]
Rs.50,000 [redacted]

(vi) When the [redacted]
intentiona [redacted]

KNOW YOUR CUSTOMERS (KYC) NORMS- Customer Due Diligence Procedure

- Customer due diligence includes customer identification, and also obtaining information about the customer's location, activity and purpose for which banking services will be used.
- Depending on the risk perceived from the customer, information on the nature or business activity, location, mode of payments, volume of turnover, social and financial status, etc., is collected for completing the profile of the customer.

Documents requirements : for individuals

- Aadhaar Number
- A certified copy of any Officially Valid Document (OVD) containing details of identity and address
- In case of Non-Resident Indians or Persons of Indian Origin a copy of the document certified by-Authorised officials of overseas branches of scheduled commercial banks registered in India; Branches of overseas banks with whom Indian banks have relationships; Notary Public abroad; Court Magistrate; Judge; Indian Embassy/Consulate General in the country where the non resident custom [redacted]
- One recent [redacted]
- Permanent [redacted]

Officially Valid Documents: i) **Passport;** ii) **Driving Licence;** iii) **Proof of possession ofAadhaar number;** iv) **Voter's Identity Card issued by the Election Commission ofIndia;** v) **Job card issued by NREGA duly signed by an officer ofthe State Government; and** vi) **Letter issued by the National Population Register (NPR) containing details of name and address**
Updated Address: i) Utility bill which is not more than two months old ii) Property or Municipal tax receipt iii) Pension or family pension payment orders (PPOs) iv) Letter ofallotment ofaccommodation from employer
Where any of the above mentioned documents is obtained for address purpose, within three months an OVD with current address must be submitted by the customer

Change in name i. **an OVD with previous name along with the marriage certificate or the Gazette Notification indicating the change in name can be accepted**
Aadhaar Based KYC i. To be used only with the written consent of the customer ii. Must be redacted on the bank's records, physical and electronic, retaining only the last 4 digits. iii. A customer wanting credit of benefit/ subsidy under a notified scheme: Biometric authentication of Aadhaar is mandatory iv. For a customer voluntarily using Aadhaar number for identification purpose: banks may carry out e-KYC Authentication or offline verification v. If a customer provides a current address different from that in Aadhaar records, a self-declaration is to be obtained

Accounts of non-face-to-face customers - OTP based Aadhaar Verification Restrictions for accounts of non-face-to-face customer with OTP based e-KYC of Aadhaar:

i) aggregate balance of all the deposit accounts of the customer shall not exceed Rs.1 lakh

ii) the aggregate of all credits in a financial year, in all the deposit accounts taken together, shall not exceed Rs.2 lakh;

iii) for borrowal accounts, only term loans shall be sanctioned and the aggregate amount of term loans sanctioned shall not exceed Rs.60,000/- in a year;

iv) both deposit and borrowal accounts shall not be allowed for more than one yea[redacted]

v) if OVD [redacted] deposit[redacted] borrow[redacted]

vi) a decla[redacted] been o[redacted] bank.

For Sole Proprietary Firms

- Registratio[redacted]
- Certificate/[redacted] Establishm[redacted]
- Sales and i[redacted]
- CST/VAT/[redacted]
- Certificate/[redacted] Tax authori[redacted]
- IEC (Impor[redacted] DGFT or Li[redacted]
- Complete I[redacted] sole propri[redacted]
- Utility bills[redacted]

Companies

i) Certificate of Incorporation;

ii) Memorandum and Articles of Association;

iii) Permanent Account Number of the company;

iv) Particulars of the Beneficial Owners (where applicable),

v) Resolution of the Board of Directors and Power of attorney granted to its managers, officers or employees to transact business on its behalf, and

vi) KYC Documents (as specified for individuals) of the beneficial owners, the authorised signatories and the managers, officers or employees, as the case may be, holding an attorney to transact on the company's behalf.

Partnership Firms (Registered):

i) **Registration Certificate;**
ii) **Partnership Deed;**
iii) **Permanent Account Number of the partnership firm;**
iv) **KYC Documents (as specified for individuals) of the Partners, the Beneficial Owners, and the persons holding power of attorney to transact on its behalf.**

v) Trusts :
vi) Certificate of registration;
vii) Trust deed;
viii) Permanent Account Number or Form No.60 of the Trust;
ix) Documents (as specified for individuals) of the Beneficial Owners the person holding an attorney to transact on its behalf

Unincorporat[redacted]

i) Resolut[redacted]ation [redacted]
ii) Perman[redacted]. 60 o[redacted] associa[redacted]
iii) Power [redacted]s beh[redacted]
iv) KYC Do[redacted]uals) [redacted] Mem[redacted] Body, th[redacted]rsons holding an att[redacted] on its b[redacted]
v) Such in[redacted]by the[redacted]llective[redacted] legal ex[redacted]

Other Juridic[redacted]s (No[redacted]pecifica[redacted]y cover[redacted]d abov[redacted] as So[redacted]eti[redacted] Universities a[redacted] B[redacted]ies[redacted]ke [redacted]lage Pa[redacted]cha[redacted]ats, etc[redacted]:

i) Docum[redacted]owing name of the p[redacted]rson au[redacted]horised [redacted]o act on b[redacted] of [redacted] entity;
ii) Docum[redacted] person[redacted]
iii) Such d[redacted] existence of such an entity/juridical person

Q1. Which of the following is true in respect to Customer Acceptance policy?

I. No account is opened in anonymous or fictitious/benami name.
II. No account is opened where appropriate customer due diligence measures cannot be applied either due to non-cooperation of the customer or non-reliability of the documents/information furnished by the customer.
III. No transaction or account-based relationship is undertaken without following the CDD procedure.
IV. Circumstances in which, a customer is permitted to act on behalf of another person/entity, is clearly spelt out.
V. To ensure that the identity of the customer does not match with any person or entity, whose name appears in the sanction lists circulated by RBI.
VI. verify [redacted] rity

A. I, II, III, [redacted]
B. All are [redacted]
C. All are [redacted]
D. All are [redacted]

Ans: D. Al [redacted]

Q2. Which of t [redacted]

I. While c [redacted]
II. Undert [redacted]
III. If a dou [redacted] ormation about the cus [redacted]
IV. Selling [redacted] ds for value of over Rs [redacted]
V. Carryin [redacted] for a walk- in- custom [redacted]
VI. When t [redacted] ng transactions below t [redacted]

A. I, II, III, [redacted]
B. II, III & [redacted]
C. IV, V & [redacted]
D. I, III, IV [redacted]

Ans: C. IV, [redacted]

Q3. Which [redacted] Document(OVD)?

I. Passport
II. Driving Licence
III. Pan Card
IV. Proof of possession of Aadhaar number
V. Voter's Identity Card issued by the Election Commission of India
VI. Job card issued by NREGA duly signed by an officer of the State Government
VII. Letter issued by the National Population Register (NPR) containing details of name and address.

A. Only III
B. VI & VII
C. IV & VII
D. V & VI
Ans: A. Only III

Q4. Which of the following is/are required in case of opening account of a company?

I. Certificate of Incorporation
II. Partnership Deed
III. Memorandum and Articles of Association
IV. Registr [illegible]
V. Perman [illegible]
VI. Resolut [illegible] r employees to transac [illegible]
VII. KYC Do [illegible] s or employees, as the c [illegible] act o [illegible]

A. I, II, III, [illegible]
B. I, III, V, [illegible]
C. II, III, I [illegible]
D. I, III, IV, [illegible]

Ans: B. I, II [illegible]

Q5. Which of t [illegible] **red in case of opening** [illegible] **ns?**

I. Registr [illegible]
II. Partner [illegible]
III. Memor [illegible] Ar [illegible] so [illegible]
IV. Perman [illegible] unt Nu [illegible] er of the partnersh [illegible] p firm
V. KYC Do [illegible] s of the Pa [illegible] ner the Ben [illegible] ciar Owners [illegible] d t [illegible] hol [illegible] po [illegible] ney to transact on its b [illegible]

A. Only II [illegible]
B. Only I
C. Only III
D. III & V

Ans: C. Only III