

# PALA URBAN CO-OPERATIVE BANK LTD NO.1850

## Know Your Customer Policy

(As Per Committee Resolution No.652 dated 30/12/2025)

### **A. Objective**

**General Objectives:** - Know your customer / prevention of money laundering / counter-terrorism funding guidelines are aimed to clearly identify and know the customer who deals with the bank for preventing money laundering or activities related to financing of terrorism, deliberately or unknowingly by using criminal elements.

- 1) The objective of KYC guidelines is to prevent our bank from being used, intentionally or unintentionally, by undesirable customers and criminal elements such as money laundering activities and illegal financial activities.
- 2) The "Know Your Customer" mechanism offers a better opportunity for the bank/branches about the knowledge and details of their customers and their financial dealings & transactions better, helping banks to manage their risks wisely.
- 3) Our KYC policy covers the following areas:
  - Customer Acceptance Policy – Whom can be accepted
  - Customer identification Procedure -- How to identify
  - Monitoring of Transactions and -- Tracking of Activities
  - Risk Management -- Minimization of Risk
  - Statutory Requirements -- Compliance
  - Dissemination of KYC Guidelines -- Adherence

### **B. Know Your Customer' Standards**

For the purpose of KYC policy, a 'Customer' may be defined as:

- A person, organization or other entity that maintains an account and / or has any 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,

- Any person or entity connected with a financial transaction which can pose significant reputational or other risks to the bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

### **C. Customer Acceptance Policy (CAP) – WHOM CAN BE ACCEPTED AS A CUSTOMER**

- 1) No account shall be permitted to be opened in anonymous or fictitious / benami name (s)
- 2) No account shall be allowed to be opened or an existing account closed where the branch is unable to apply appropriate customer due diligence measures i.e. branch is unable to verify the identity and / or obtain documents required as per the risk categorization due to non-cooperation of the customer or non-reliability or incomplete of the data / information furnished to the branch. In such cases, the fact must be informed to the bank's Head Office and concurrence obtained for declining to open the account/ close an existing account.
- 3) No account is to be opened for persons / entities considered generally as anti-social / anti-national elements.
- 4) No account is to be opened for persons having a record of fraud, misappropriations, cheating or forgery, which is very much available with the bank from various sources.
- 5) No account should be opened for correspondent banks which have not implemented KYC and prevention of money laundering measures.
- 6) Before opening any account it has to be verified whether the customer profile matches with any person with known criminal background.
- 7) (i) No accounts should be opened for persons, organizations found in the negative list circulated by Reserve Bank of India. In case they come across any transaction relating to persons / entities stated in the list, the fact must be immediately reported to law enforcing authority and steps to be taken to freeze the transactions.  
  
(ii) For this purpose all the branches of the Bank shall maintain an up to date negative list readily available at the desk meant for handling of opening accounts
- 8) Where Permanent Account Number (PAN) is obtained, the same shall be verified.
- 9) Where Goods & Services Tax (GST) details are available, the GST number shall be verified.

10) No account should be opened in anticipation of submission of the account opening forms, viz. documents listed in Table I for persons of doubtful identity. Account shall be opened only after the desk officer / manager is satisfied that identity and credentials of the customer is proved on the basis of documents and further enquiry, if necessary and the information is complete.

Table I  
Customer Identification Procedure

Features to be verified and documents that may be obtained from customers

| Features  | Documents   |
|---|---|
| <b>Accounts of individuals</b><br>Legal Names and any other names used  | (i) PAN Card/ Form No.60 and any Officially Valid Documents (OVD)   |
| <b>Accounts of Companies</b><br>Name of Company<br>Principal place of business<br>Mailing address of the company<br>Telephone / Fax Number<br>Email Id<br>Website Address if any,   | (i) Certificate of incorporation and memorandum and articles of Association copy of master data from MCA<br>(ii) Resolution of the Board of Directors to open an account and identification of those who have authority to operate the account<br>(iii) Power of Attorney granted to its managers, officers or employees to transact business on its behalf.<br>(iv) Copy of PAN allotment letter |
| Accounts of Partnership Firms /Limited Liability Partnership Firms<br>Legal name<br>Address<br>Name of all partners and their address<br>Telephone numbers of the firm and partners<br>Email Id / Website Address if any, | (i) Registration Certificate if registered<br>(ii) Partnership Deed<br>(iii) Power of Attorney granted to a partner or an employee of the firm to transact business on its behalf<br>(iv) Any officially valid document identifying the partners and the persons holding the Power of Attorney and their addresses<br>(v) PAN of Partnership Firms  |

|  |  |
|--|--|
| <p><b>Accounts of trusts and foundations</b></p> <p>Name of trustees, Settlers, Beneficiaries and Signatories</p> <p>Names and addresses of the founder, the managers/directors and beneficiaries</p> <p>Telephone and fax numbers</p> <p>Email Id / Website Address if any,</p> | <p>(i) Certificate of registration, if registered</p> <p>(ii) Power of Attorney granted to transact business on its behalf</p> <p>(iii) Any officially valid document to identify the trustees, settlers, beneficiaries and those holding Power of Attorney, founders/managers/directors and their addresses</p> <p>(iv) Resolution of the managing Body of the foundation/association</p> <p>(v) PAN or Form No.60</p>  |
| <p><b>Accounts of Proprietorship Concerns</b></p> <p>Address Proof</p> <p>Proof of Registration if any,</p> <p>Contact number with main and Alternative contacts.</p> <p>E mail id</p>   | <p>Apart from customer identification procedure as applicable to the proprietor any two of the following documents in the name of the proprietary concern would suffice.</p> <p>(i) Registration Certificate (In the case of registered concern)</p> <p>(ii) Certificate/License issued by the municipal authorities under Shop &amp; Establishment Act.</p> <p>(iii) Sales and Income Tax Returns</p> <p>(iv) GST registration Certificate</p> <p>(v) Certificate / Registration document issued By any other Govt. or Professional Tax authorities</p> |

**Officially Valid Document' (OVD) means:**

1. Passport
2. Driving licence
3. Proof of possession of Aadhaar number
4. The Voter's Identity Card that the Election Commission of India issues
5. NREGA issues job card
6. Letter that the National Population Register issues containing details of name and address.

*Provided that,*

(a) where the customer submits his proof of possession of Aadhaar number as an OVD, he may submit it in such form that the Unique Identification Authority of India (UIDAI) issues

(b) when the customer furnishes an OVD that does not have an updated address, the bank shall deem the following documents or the equivalent e-documents thereof to be OVDs for the limited purpose of proof of address:-

- Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill);
- Property or Municipal tax receipt;
- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address;
- Letter of allotment of accommodation from employer that is issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and licence agreements with such employers allotting official accommodation;

11) In the case of undesirable/ untrustworthy customers, that is in whose case cheques are invariably returned for want of requisite balance in their accounts or where even the minimum balances are not maintained continuously / repeatedly, the branch may take steps to close such accounts after obtaining approval from Head Office and with due notice to the customer.

In the case of High Risk Customers and / or customers putting through frequent high value transactions, it is mandatory that Manager / Officer of the branch visits the customer's premises to ascertain the real existence & genuineness of such a business / industrial unit and its scale of operations commensurate with its account turnover.

12) The main focus of the branches should be to canvas more high net worth customers, but this should not result in denial of service to any low net worth customers who voluntarily approach the branch for opening accounts or other services, and to achieve a desirable mix of all type of customers.

13) There shall be no discrimination in opening of the accounts based on sex, caste, religion etc. However, opening of accounts of NRIs, Foreign Nationals and Charitable Institutions receiving foreign contribution shall be as per Exchange Control Guidelines and obtaining other relevant information on a case to case basis.

- 14) Opening of accounts of persons who have adverse reputation among business circles or any of the bank staff have knowledge of such persons background, may be declined.
- 15) Whenever a person who neither resides nor has employment in the command area of the branch approaches for opening operative accounts, the need for the same is to be got clarified to the full satisfaction of the branch.
- 16) Fiducial Transactions

Extra care must be taken where the accounts are opened through mandate. If the account is opened and operated by "A" for the sake of "B" (the account holder), the identity of "A & B" must be thoroughly checked and the underlying purpose for such an arrangement must be got satisfied by the branch manager that there is nothing unusual or suspicious about such arrangement. Such operation by a person for the sake of the customer / beneficial owner is permissible in the following cases:-

- a) In the case of a family member first degree relatives i.e. father, mother, sister etc., holding letter of authority.
- b) In the case of a near relatives authorized by a duly executed Power of Attorney.
- c) In the case of an official of a company authorized by board Resolution (the authorized person himself should not be a signatory to the resolution).
- d) Investment Consultant of an NRI customer holding a properly executed power of attorney.
- e) Any partner of the firm, if a letter of partnership (in lieu of partnership deed / our printed form is taken) signed by all the partners.
- f) If a partnership deed has been taken, the partner as authorized and to the extent authorized by the deed to be permitted to operate the account.
- g) A trustee in terms of the Trust Deed and to the extent permitted by the deed.

17) The branch should prepare separate profile for each account holder and UCIC as far as possible by personal interview with them at the time of opening of an account, preferably based on the disclosures made by the customer himself / herself / the authorized representatives of firm / corporate body. The information given by the customer however is to be cross checked with document evidences furnished and market reports.

The profile shall include the occupation / profession / activity of the customer, the need and purpose for which accounts are being opened, the source of funds for the intended transactions, the annual profit and turnover for the preceding three years, firms / associate / group / subsidiary / holding companies of the customer, their performance, market standing, commonality of management and financial integration

etc..The profile should also include the risk categorization and its basis and its periodic updating.

As and when new information is received regarding customer's financial position, dealings and market reports the information should be incorporated in the customer profile and thereby the profiles must be always kept updated.

Once a customer profile is prepared for a customer viz. a person / firm / company, additional profiles are not needed for further accounts opened by the same customer. Instead, a reference to the UCIC of the original profile is to be mentioned in all further accounts. The customer profiles are confidential documents to be used for the KYC purpose and should not be used for cross selling and not to be divulged to third parties.

18) While implementing the customer acceptance policy small value customers / common persons should not be put to any difficulty and shall be decided accordingly to solve their general hardships to clear KYC.

#### **D. Risk Perception in respect of Customer**

“Customer risk” in the present context refers to the money laundering and terrorist funding risk associated with a particular customer from a Bank's perspective. This risk is based on risk perceptions associated with customer profile and level of risk associated with the product & channels used by customer. For categorizing a customer as low risk, medium risk and high risk, the parameters considered are location of customer and his client, mode of payments, nature of activity, volume of turnover and social and financial status and also the period of association of the customers with the bank.

The due diligence to be exercised in opening and conducting transactions in the accounts depends on the risk categorization of the customers. The risk categorization based on various parameters such as type of customer, source of funds etc., is stated in **Table 2**.

It is evident that great care is to be taken in respect of high risk customers on the basis stated in the **Table 2** in comparison to the care taken for medium and low risk category. The higher the risk, the greater the care needs to be taken.

The categorization of customers under risk perception is only illustrative and not exhaustive. The branches may categorize the customers according to the risk perceived by them while taking into account the aspects in Table II. For instance, a salary class individual who is generally to be classified under low risk category may be classified otherwise based on the perception of the Branch/Office.

Bank shall have a system of periodical updation of customer identification data (including photograph/s) after the account is opened. The periodicity of such updation shall not be less than once in ten years in case of low risk category customers and not less than once in two years and eight years for high and medium risk categories respectively. Fresh photographs will be required to be obtained from minor customer on becoming major.

Bank shall not open an account or close an existing account where the bank is unable to apply appropriate customer due diligence measures, i.e., bank is unable to verify the identity and / or obtain documents required as per risk categorization due to non-cooperation of the customer or non-reliability of the data / information furnished to the bank.

Bank shall adopt combination of manual and automatic classification. Based on the availability of data, Bank shall finalize parameters which are available in the system and the same shall be reviewed annually. System shall assign provisional risk categorization based on the system provided parameters. Branches shall review the same and make suitable modification / revision, if need be, based on remaining indicators as covered in the policy.

**Table 2**  
**Risk Categorization of Customers based on various Parameters**

| <b>Basis</b>      | <b>High Risk</b>   | <b>Medium Risk</b>  | <b>Low Risk</b>  |
|-------------------|--|---|--|
| Type of customer  | (i) Private Ltd Company<br>(ii) Public Ltd Company<br>(iii) Trusts<br>(iv) Charities<br>(v) Politically exposed persons<br>(vi) Customers having adverse publicity<br>(vii) Firms with operative transactions authorized by sleeping partner | (i) Public Ltd Companies (widely held)<br>(ii) Firms with sleeping partners | (i) Salaried persons<br>(ii) Pensioners<br>(iii) Professional & Self Employed persons<br>(iv) Agriculturist<br>(v) Self-help groups<br>(vi) Government Companies<br>(vii) Public Sector Companies<br>(viii) Government Departments |
| Business Activity | (i) Jewellery<br>(ii) Chit Funds<br>(iii) Finance Companies  | (i) Commodity Trade<br>(ii) SMEs with annual turnover                       | (i) Industry<br>(ii) Hotel<br>(iii) Plantations<br>(iv) SMEs with  |

|                                    |  |                                       |   |
|------------------------------------|--|---------------------------------------|---|
|                                    | (iv) Foreign Exchange, Money Market Brokers<br>(v) Travel Agencies<br>(vi) Export/Import Trade<br>(vii) SMEs with annual turnover exceeding Rs.25 Crores and above | Rs.10 Crores and above                | turnover less than Rs.10 Crores<br>(v) Retail Trade |
| Composition of Partners, Directors | Entirely Foreign Nationality   | A mix of Indian and Foreign nationals | Exclusive Indian nationals                          |

### **E. Customer Identification Procedure**

#### 1) Verification of Identity

The branch shall verify the identity of the customer based on the relevant documents as given in **Table -1** of this policy. Minimum one of the documents in the schedule shall be obtained and verified. Further enquiries / visit of residence or business unit may be conducted in case of any doubt on the identity of the customer. The branch manager or the authorized person shall verify the original ID/address proof and a certified copy of the same shall be filed in the branch records. The branch manager shall permit the account opening only after confirming the identity of the customer. Customer identification documents of partners, directors, office bearers and persons authorized to operate account also shall be obtained and verified. In addition to the customer identification document, additional proof for address also shall be obtained if the ID proof does not contain customer address. Collect PAN details for all the accounts except the BSBDA .Quoting **PAN** details are a requisite to open all **bank** accounts except the BSBDA.

- (i) As part of identification process, branch shall obtain photographs of customers, partners, directors, office bearers and persons authorized to operate account.
- Verification of identity, based on documents, is to be done for various types of customers as quoted in **table-I**. But particular care must be taken to verify the legal existence of organizations and genuineness of documents , signature and other particulars in account opening forms, (For Example: Telephone bills Electricity bills , Property tax receipt etc. can also be verified , in case of doubt search report may be obtained for a company). Further the identity of the persons managing the organization

viz. partners, directors, office bearers, authorized signatories must be verified by cross checking documents as required as in **Table-1**.

- For the sake of identity verification, all the documents listed out for the purpose need not be insisted. If one document (Say Driving License) is produced and if the branch is satisfied about the evidence and can prove at a later date that due diligence has been observed in establishing the identity, the branch can go ahead and open the account. But if the branch is not satisfied about the document furnished (say driving license) then it can call for alternative documents till it is satisfied in order to observe due diligence.

## 2) Medium and High Risk Customers

In case of medium and high risk customers more than one document may be called for verification / cross checking depending on the risk perception of the branch.

- a) Certain precautions to be observed in the case of High Risk accounts are stated in **Annexure I**. The branches shall keep them in mind while opening the account as well as allowing operations in such accounts including closure of such accounts.
- b) In the case of non-face to face customers, the periodical account statement shall be sent by Registered Post with Acknowledgement Due. The branch shall look out for receipt of acknowledgement or return of the post in order to confirm the identity and whereabouts of such customers.

## 3) Introduction of an account by an NPA customer

- a) Introduction of an account by an NPA party shall be subjected to extra care. It shall be verified whether the new account is for the purpose of routing certain transactions to conceal the same from the borrowing bank i.e., whether the new account holder is a front person / firm / company for the NPA Borrower.
- b) For the same reason, no current account shall be opened or discounting / purchase limits granted for parties who are NPA borrowers with other banks. In such cases the request from the parties must be politely declined stating that they should obtain an NOC from their main banker for the purpose.

## **F. Monitoring of Transactions**

Ongoing monitoring is an essential element of effective KYC procedure. Branches have to identify and be familiar with normal and reasonable activity of the customer so that they can identify any unusual / high value transaction not in line with the level of business activity and thereby find out the true purpose of the transactions. The branches should follow the guidelines for the purpose of monitoring.

### a) Caution of New Accounts

All newly opened accounts must be kept under constant check for a period of, at least, 6 months to ensure that no fraudulent instruments are tendered for collection / clearing / discount.

### b) General

- 1) Any transaction of a high value nature which does not seem to have any logical / business purpose should attract the attention of the officer handling the concerned desk. The Manager of the branch should also be aware of all the high value transactions in a branch on any working day.
- 2) The real purpose of the aforesaid transactions must be ascertained, with due courtesy. The manager and the clerk shall make discreet enquiries to verify the genuineness of the party's statement. If such verification shows a contrary position the matter shall be reported to the Head Office. In the meantime the Manager and the clerk shall exercise caution and continue to monitor / verify all the transactions in the respective accounts and other accounts of the same customer.
- 3) The branch shall maintain a record of all high value transactions in the format prescribed by RBI and also mention therein, in remarks column, whether the Manager / clerk has verified directly with the customer or Indirectly, the purpose of the transactions in order to ensure that it is not for tax evasion, terrorism financing or to finance unlawful and undesirable activities.
- 4) Whenever a high value transaction is noticed in an account, it is mandatory on the part of the manager of the branch to go back to a/c. opening records and make sure that KYC Norms have been compiled with in respect of that account.
- 5) The manager shall keep track of all (high value) deposit accounts as well as advance accounts that invariably resort to cash transactions, whether their nature of activity justifies such cash based transactions. If not, the need for purely cash based transactions especially of large amounts shall be discreetly enquired into and recorded.
- 6) The branches should identify the normal and reasonable activity of the customer. Any transaction that falls outside the normal activity is an

unusual transaction. For that purpose other documents like. ITR/ statutory returns etc. can be demanded for additional assurance.

Branches have to pay special attention to all unusual complex, large transactions which apparently do not have any visible, lawful purpose.

The intraday monitoring is done at the desk level by the clerk handling SB / CA / OD / CC accounts. The officer has to be vigilant to notice high value transactions and find out through discreet examination and enquiry the sources of funds (in case of credits and user of the funds in case of debits). For example, if the payee of the instrument is in no way business-wise connected with the customer, then there is a need for ascertaining the genuineness of the transaction.

- (i) Any transaction that is higher in value than the Average Transaction Value (AVT) (i.e.) Turnover divided by No. of instruments) is to be treated as an exceptional transaction.
- (ii) The transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should particularly alert the attention of branches and other additional documents & supports shall be verified.
- (iii) Very high account transaction compared to the balance measured may indicate a money laundering activity.
- (iv) **Table 2** depicts the risk perception on customers. The high risk customers should be subjected to higher due diligence measures compared to the medium risk category and so on. In other words the level of diligence in KYC measures for the account opening, monitoring etc., should be proportional to the risk perception of the customer by the branch.

Branch Managers should keep themselves well informed about market developments such as failure or adverse publicity regarding NBFCs, Chit Funds and Firms / Companies as reported in the press. If any such person / concern of doubtful reputation approaches for opening accounts (other than term deposits) the request must be declined.

### **G. KYC For the Existing Accounts**

However, transactions in existing accounts should be continuously monitored and any unusual pattern in the operation of the account should trigger a review of the Customer Due Diligence (CDD) measures. All the existing accounts of companies, firms, trusts, charitable, religious organizations and other institutions are subjected to minimum KYC standards which would establish the identity of the natural / legal

person and those of the beneficial owners. Branches may also ensure that term / recurring deposit accounts or accounts of similar nature are treated as new accounts at the time of renewal and subjected to revised KYC procedures.

Where the branch is unable to apply/ obtain appropriate KYC measures due to non-furnishing of information and / or non-cooperation by the customer, the branch may consider closing the account or terminating the banking / business relationship after issuing due notice to the customer explaining the reasons for taking such a decision. Such decision should be referred to the bank's Head Office and approval obtained.

## **H. Roles and Responsibilities**

### **1. Designated Director**

The General Manager is nominated as "Designated Director", as per provisions of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, to ensure overall compliance with the obligations imposed under Chapter IV of the PML Act and the Rules. Designated Director shall be nominated by the Board. The General Manager Bank will be the Designated Director.

### **2. Principal Officer**

The Assistant General Manager is the Principal Officer of the Bank and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. He shall maintain close liaison with enforcement agencies, banks and any other institution which are involved in the fight against fraudulent transaction and money laundering and combating financing of terrorism.

Annexure – 1

## **Customer Identification Requirements – Indicative Guidelines & Issue of UCIC**

### **1. Trust / Nominee or fiduciary Accounts**

There exists the possibility that trust / nominee or fiduciary accounts can be used to circumvent the customer identification procedures. Branches should determine whether the customer is acting on behalf of another person as trustee / nominee or any other intermediary. If so, branches may insist on receipt of satisfactory evidence of the identity of the intermediaries and of the persons on whose behalf they are acting, as also obtain details of the nature of the trust or other arrangements in place. While opening an account for a trust, branches should take reasonable precautions to verify the identity of the trustees and the settlers of trust (including any person settling assets into the

trust), grantors, protectors, beneficiaries and signatories. Beneficiaries should be identified when they are defined. In the case of a 'foundation', steps should be taken to verify the founder managers / directors and beneficiaries, if defined.

## 2. Accounts of Companies and firms

Banks need to be vigilant against business entities being used by individuals as a 'front' for maintaining accounts with banks. Branches should examine the control structure of the entity, determine the source of funds and identify the natural persons who have a controlling interest and who comprise the management. These requirements may be moderated according to the risk perception e.g. in the case of a public company it will not be necessary to identify all the shareholders.

## 3. Accounts of Politically Exposed Persons (PEPs)

Politically exposed persons are individuals who are or have been entrusted with prominent public functions, e.g., Heads of states or of Governments, senior politicians, senior government / judicial / military officers, senior executives of state owned corporations, important political party officials, etc. Branches should gather sufficient information on any person / customer of this category intending to establish a relationship and check all the information available on the person in the public domain. Branches should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The decision to open an account for PEP should be taken at a senior level which should be clearly spelt out in Customer Acceptance Policy. Branches should also subject such accounts to enhanced monitoring on an ongoing basis. The above norms may also be applied to the accounts of the family members or close relatives of PEPs.

## 4. Accounts of non-face to face customers

With the introduction of telephone and electronic banking, increasingly accounts are being opened by branches for customers without the need for the customer to visit the branch. In the case of non-face-to-face customers, apart from applying the usual customer identification procedures, Certification of all the documents presented may be insisted upon and, if necessary, additional documents may be called for. In such cases, branches may also require the first payment to be effected through the customer's account with another bank which, in turn, adheres to similar KYC standards. Under any circumstances no account shall be opened without proper identification of the customer.

## 1. **Statutory Requirements and Regulations**

## 1. Income Tax Regulations / GST Regulations

- (i) Permanent Account Number must be quoted in all account opening forms. In the absence of PAN formalities required by Income Tax department are to be gone through.
- (ii) GST Registration number
- (iii) DDs should not be issued against cash exceeding Rs.50, 000/- on any day.
- (iv) Anybody depositing more than ₹ 50,000/- in cash in their bank account has to submit a copy of the PAN card in case the bank account is not seeded with PAN

## 2. Prevention of Money Laundering Act

Branches should ensure that a record of transactions in the accounts is preserved and maintained as required in section 12 of PML Act 2002 is reported to the appropriate law enforcement authorities.

## 3. High Value Transactions Branches

Branches should ensure to maintain proper record of all cash transactions (Deposits / Withdrawals) of Rs.5 lakhs and above. The information monitoring system should have an inbuilt procedure for reporting of such cash transactions and those of suspicious nature to the respective head office on a fortnightly basis.

4. Maturity proceeds of deposits in aggregate (principal + Interest) for an amount of Rs.20,000/- and above should be repaid only by means of an account payee DD / pay order or by credit to the depositors operative account with the branch.

## **I. Dissemination of KYC Policy**

The KYC policy can be implemented only if the need for the policy and the procedures involved are correctly understood by functionaries at all levels.

1. The branch Inspectors, during their visits to the branches, shall discuss with the staff members and ascertain the level of knowledge on KYC policy of the bank and then and there correct deficiencies, if any. They must incorporate a comment on their reports regarding the level of knowledge of KYC policy among the clerks and officers of the branch.
2. Branch managers shall invariably include a discussion on KYC measures as a part of the agenda of the staff meetings.

3. The KYC Policy documents should be widely discussed in all Manager's conferences and all Review Meetings with a view to create a perfect understanding of the bank's expectations on the implementation of the KYC norms.