



RBI/2013-14/150

DBOD.AML.BC. No. 34/14.01.001/2013-14

July 23, 2013

The Chairmen / CEOs of all Scheduled Commercial Banks
(Excluding RRBs)/Local Area Banks / All India Financial Institutions

Dear Sir,

**Know Your Customer (KYC) Norms /Anti-Money Laundering (AML) Standards/
Combating of Financing of Terrorism (CFT)/Obligation of banks under
Prevention of Money Laundering Act (PMLA), 2002 - Simplifying norms for
Periodical Updation of KYC**

Please refer to paragraph 2.4 (k) of our [Master circular DBOD.AML.BC. No. 24/14.01.001/2013-14 dated July 1, 2013](#) on Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002 which states that "Banks should introduce a system of periodical updation of customer identification data (including photograph/s) after the account is opened. The periodicity of such updation should not be less than once in five years in the case of low risk category customers and not less than once in two years in case of high and medium risk categories".

2. The issue has been reviewed in the light of practical difficulties/constraints expressed by bankers/customers in obtaining/submitting fresh KYC documents at frequent intervals as the relative documents submitted earlier specially by low-risk customers have remained unchanged in most of the accounts. Accordingly, based on the suggestions received, it has been decided to amend the instructions as under:

- a) Banks would need to continue to carry out on-going due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and, wherever necessary, the source of funds.
- b) Full KYC exercise will be required to be done at least every two years for high risk individuals and entities.

बैंकिंग परिचालन और विकास विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 13^{वीं} मंजिल, शहीद भगत सिंह मार्ग, मुंबई - 400 001

फोन: 022-22701223, फैक्स: 022-22701239, ईमेल: cgmicdbodco@rbi.org.in, वेबसाइट: www.rbi.org.in

Department of Banking Operations & Development, Central Office, Central Office Building, 13th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai -400 001
Phone : 022-22701223, Fax : 022-22701239, E-mail : cgmicdbodco@rbi.org.in, Website : www.rbi.org.in

हिंदी आसान है, इसका प्रयोग बढ़ाएँ

- c) Full KYC exercise will be required to be done at least every ten years for low risk and at least every eight years for medium risk individuals and entities.
- d) Positive confirmation (obtaining KYC related updates through e-mail/letter/telephonic conversation/forms/interviews/visits, etc.), will be required to be completed at least every two years for medium risk and at least every three years for low risk individuals and entities.
- e) Fresh photographs will be required to be obtained from minor customer on becoming major.

3. Banks may revise their KYC policy in the light of the above instructions and ensure strict adherence to the same.

Yours faithfully,

(Prakash Chandra Sahoo)
Chief General Manager