

KYC brochures

Citibank Know Your Customer Policy & Anti Money Laundering Guidelines

Dear Customer,

The Reserve Bank of India has advised banks to ensure that 'Know Your Customer' and Anti-Money Laundering measures are formulated and implemented.

This brochure is created to familiarize you with these guidelines:

What is Money Laundering?

Money laundering is the process of passing money earned from criminal activity into the financial system to make it look as though it was earned legally in an honest way. Money Laundering is a serious offence in many countries including India.

What is the risk of Money Laundering for Banks?

Since Money Laundering uses the financial system, banks are at a very high risk of having their products and services used for money laundering purposes.

Who is a Money Launderer?

Under the Prevention of Money Laundering Act, 2002, Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering.

What does a bank need to do to prevent it from being used for money laundering?

To prevent it from being used for money laundering a bank needs to:

1. Have a well documented policy on 'Know Your Customer' and Anti-money Laundering. This policy lays down the various procedures to be followed to be satisfied about a customer's identity and background. These are referred to as the Customer Identification Procedures (CIP).
2. Identify and verify all customers in the manner prescribed by the notification issued under the Prevention of Money Laundering Act, 2002.

What does the identification process entail?

The process entails identifying the customer and verifying the same by using reliable, independent documents, data or information.

What is the bank required to ensure through the 'Know Your Customer' process?

1. That no account is opened in anonymous or fictitious or benami name(s);
2. To satisfy the competent authorities that due diligence was observed in accordance with the requirements of the existing laws and regulations on the same
3. To be able to demonstrate that the bank has taken reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner to be satisfied on who the beneficial owner(s) is/are.

The Bank, while opening different accounts, collects documents to identify and verify the customer as required under existing laws. To demonstrate that it has performed adequate 'Know Your Customer' procedures, the Bank needs to establish the following:

For Accounts of Individuals

- Legal name & any other names used
- Correct permanent address

For Accounts of Companies

- Name of the company
- Principal place of business
- Mailing address of the company
- Telephone/Fax Number
- Identification & verification of Directors & Authorized Signatories

For Accounts of Partnership Firms

- Legal name
- Address
- Names of all partners and their addresses to be verified through an officially valid document
- Telephone numbers of the firm and partners

For Accounts of trusts & foundations

- Names of trustees, settlers, beneficiaries and signatories
- Names and addresses of the founder, the managers/directors, trustees, settlers and the beneficiaries to be verified through an officially valid document
- Telephone/fax numbers

For accounts opened before the existence of the law and the procedures connected therewith, the bank is required to also perform the same level of due diligence and collect, wherever missing, a copy of the identification documents from these account holders.