



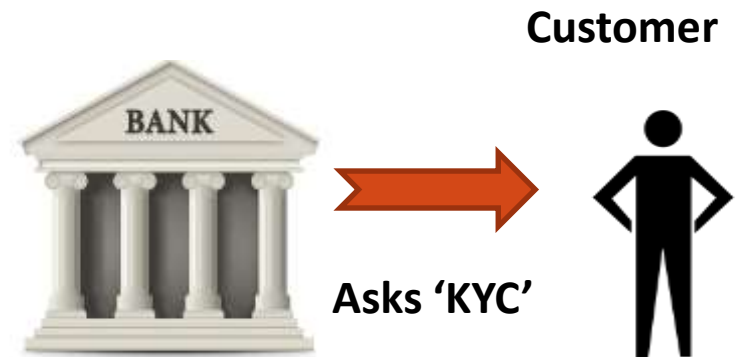
Introduction to KYC (Know Your Customer)

**LOAN
XPRESS**


- KYC stands for 'Know Your Customer'
- It is a process by which banks obtain information about the identity and address of the customers and helps to ensure that banks' services are not misused
- Banks are also required to periodically update their customers' KYC details
- It enables banks to know / understand their customers and their financial dealings so as to be able to serve them better.
- Know your customer (KYC) policy is an important step developed globally to prevent:
 - ✓ Identity theft
 - ✓ Financial fraud
 - ✓ Money laundering and
 - ✓ Terrorist financing

Defining a Customer


- ✓ Individual
- ✓ Company/ Business Entity
- ✓ Professional Intermediaries such as Stock Broker
- ✓ Chartered Accountants, Solicitors etc
- ✓ Any person or entity connected with a financial transaction

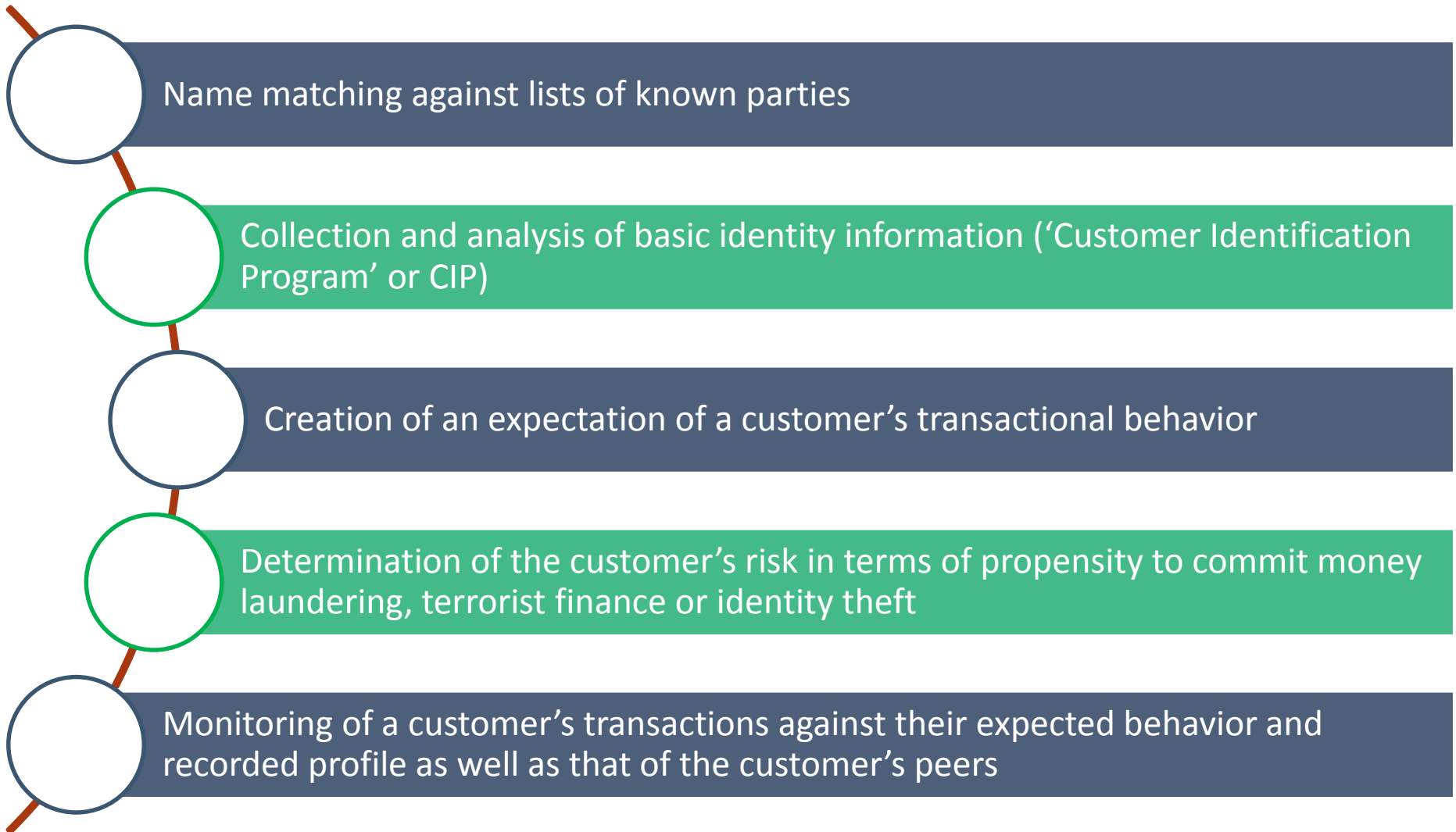


Situations When KYC is required...??

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- Opening an account in a bank
 - Applying for a Credit card or Loan
 - Opening a subsequent account

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- Opening a Locker facility
 - While investing in a Mutual fund
 - Financial institutes may ask for a mandatory KYC process in other instances too

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- When there are not enough documents with the Bank in existing account
 - When there are changes in Signatories, Beneficial owners, etc
 - When the bank feels it necessary to obtain additional information from existing customers based on conduct of the account



INDIVIDUALS

Documents acceptable as proof of identity/address

- ✓ Passport
- ✓ Voter's Identity Card
- ✓ Driving License
- ✓ Aadhaar Letter/Card
- ✓ NREGA Card
- ✓ PAN Card

Any one document towards proof of identity and proof of address (either permanent or current)

Minors

- ✓ If minor is less than 10 years of age, ID proof of the person who will operate the account to be submitted.
- ✓ In cases where minor can operate the account independently, KYC procedure for identification/address verification as in the case of any other individuals would apply.

NRI'S

- ✓ Passport and Residence Visa Copies, duly attested by Foreign offices, Notary Public, Indian Embassy

COMPANIES/ BUSINESS ENTITIES

Mandatory Documents

- Certificate of Incorporation
- Articles of Association (AoA)
- Memorandum of Association (MoA)
- Service Tax (ST) Certificate / VAT(Value Added Tax) Certificate
- Rent Agreement Copy (In case if place is on lease/rent)
- KYC of Directors and Authorised Signatory (PAN Card, Aadhar Card & Passport Copy)

Address Proof (Any 1)

(in the Company name)

- Bank Statement [Preferred]
- Electricity bill
- Telephone bill

- **Money laundering**

Is the process of creating the appearance that large amounts of money obtained from serious crimes, such as drug trafficking or terrorist activity, originated from a legitimate source

- **Terrorism financing**

- ✓ Refers to activities that provides **financing** or financial support to individual **terrorists** or **terrorist** groups
- ✓ A government that maintains a list of **terrorist** organizations normally will also pass laws to prevent money laundering being used to **finance** those organizations



Get in Touch

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