

F.No.31/3/2011-BO.II  
Government of India  
Ministry of Finance  
Department of Financial Services

Jeevan Deep Building, 3<sup>rd</sup> Floor,  
10 Sansad Marg, New Delhi-110001

Dated the 22<sup>nd</sup> September, 2011

To

**Chief Executives of all Public Sector Banks.**

**Subject: KYC requirements and facilitating opening / operation of accounts of the bank customers**

Sir,

The Reserve Bank of India have issued regulatory guidelines to banks for smooth opening of accounts and seamless operations in such accounts by the bank customers. The banks have also migrated to CBS to extend benefits of technology to their customers. However, some banks have still not unleashed the technology to its potential so as to realise the benefits of CBS platform. The following are some of the issues requiring seamless operations in accounts by the banks' customers.

**I. Opening of accounts by close relatives, such as, parents, son, daughter, spouse, etc -**

RBI guidelines provide that in cases of close relatives, e.g. wife, son, daughter and parents etc. who live with their husband, father / mother and son, as the case may be, the banks can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to open an account is a relative and is staying with him / her. Banks can use any supplementary evidence such as letter received through post for further verification of the address. While issuing operational instructions to the branches on the subject, banks should keep in mind the spirit of instructions issued by the Reserve Bank and avoid undue hardships to individuals who are, otherwise, classified as low-risk customers.

However, experience of the general public has not very encouraging in this regard. This may be because of lack of awareness among the ground level functionaries in the banks about such guidelines. Nevertheless, this hinders the Government's declared objective of inclusive growth. All public sector banks (PSBs) should ensure that close relatives, such as, parents, son, daughter, spouse, etc. are able to open accounts without any interruption in accordance with the RBI Guidelines.

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**II. Full operational facilities in joint account with spouse staying at separate stations -**

In the existing institutional and regulatory framework, the husband and wife both can access most of the normal banking services while staying at different places by using ATM / Debit Cards and mobile-banking for cash withdrawals, purchases / merchandising services, etc. and most of the other services, such as, purchase of Drafts, transfer of funds, utility bill payments, merchandising services, purchases, etc. by using 'on-line' banking facilities. Certain other limited facilities can also be accessed at 'non-home' branches of the bank. The PSBs may consider extending full operational facilities to the spouse staying at different stations, if one of them i.e. husband or wife is staying at *home-branch* station.

### III. Account portability / opening of new bank accounts -

It has been decided that all PSBs provide account portability to their customers, whereby, a customer desirous of shifting his / her account to another branch of the bank or some other bank need not be required to submit KYC documents afresh. The KYC done by the bank having account of the customer should certify the same and convey to the transferee bank / branch 'on-line'. The onus of transferring the KYC certification / documents and the account to the transferee bank branch will be on the transferor bank branch. All PSBs may issue appropriate procedural guidelines / instructions to their offices / branches within 30 days.

### IV. Accounts of migratory workers -

To achieve the objective of universal Financial Inclusion and to minimise inconvenience to the prospective customers, RBI has issued guidelines on '*Small Deposit Accounts*' providing relaxed KYC requirements, whereby, such accounts may be open provided the '*photograph of the customer who proposes to open the account and also his address need to be certified by the introducer, OR any other evidence as to the identity and address of the customer to the satisfaction of the bank*'. However, the prospective customers particularly **the migratory workers** experience difficulties in opening of bank accounts at a location other than their permanent place of residence, mainly because the banks insist on production of a proof of residence of the locality of the bank branch, whereas, no such insistence is required as per RBI guidelines.

All PSBs are advised to open such accounts on production of a proof of permanent residence also. The branch / office opening such an account may get the details of permanent place of residence verified through an 'on-line' communication to the nearest branch of the permanent domicile within 30 days of opening of an account, within which the customer may be allowed limited operations to enable him / her meet basic day-to-day requirement of funds.

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2. All PSBs are requested to issue appropriate instructions to their offices / branches immediately. Any suggestion for more effective implementation of these instructions of the Government may be indicated to this Department. From October, 2011 onwards, the Government will conduct pilot surveys at different bank branches to assess the level of compliance of the above instructions of the Government.

3. Kindly acknowledge receipt of this communication.

Yours faithfully,

(D.D. Maheshwari)  
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Copy to:

1. CGM, DBOD, RBI, Mumbai with the request to issue similar clarificatory guidelines to all banks including the Private Sector and Foreign Banks.
2. Chief Executive, IBA, Mumbai for wider dissemination of these instructions among the Member Banks.
3. Chairman, NABARD, Mumbai for issuing appropriate instructions to all Regional Rural Banks.
4. Chairmen of all Regional Rural Banks.

Copy for information to –

- i. PPS to Secretary (FS)
- ii. PS to AS(FS)
- iii. PSs to JS(BA) / JS(BO) / JS(IF) / JS(VPB) / JS(AB) / EA
- iv. All Directors / Deputy Secretaries / Under Secretaries in DFS
- v. All Sections in DFS