



# Purnima Bikas Bank Limited

## **KYC (KNOW YOUR CUSTOMER) INFORMATION FOR CUSTOMERS INTENDING TO OPEN BANK ACCOUNTS WITH US**

The Nepal Rastra Bank (NRB) has advised banks to follow a 'KYC guidelines', wherein certain personal information of the account-opening prospect or the customer is obtained. The objective of doing so is to enable the Bank to have positive identification of its customers. This is also in the interest of customers to safeguard their hard earned money. The KYC guidelines of NRB mandate banks to collect three proofs from their customers. They are

1. Photograph
2. Proof of identity
3. Proof of address

Accordingly, Purnima Bikas Bank has framed its KYC procedure according to which, a photograph and documentary proof of personal identification and address proof are required to be provided. Our KYC procedure specifies certain commonly available documents as proof of personal identification and address proof, so as to not cause inconvenience to those intending to open bank accounts in our Bank. The Account Opening Form provides the nature of documents required / procedure to be followed for opening a new account. You may also log in to our website [www.purnimabank.com](http://www.purnimabank.com) for such information which is displayed product-wise. Our Branch officials at the Account Opening Desk / Sales Team will also be able to provide guidance regarding the different types of documents acceptable for opening any new account. We request your kind co-operation in providing the required documents for opening new accounts to enable us to adhere to the KYC policy.

## **KNOW YOUR CUSTOMER – WHAT YOU MUST KNOW**

### **What is KYC?**

Know Your Customer - KYC enables banks to know/ understand their customers and their financial dealings to be able to serve them better

### **Who is a customer of the Bank?**

For the purpose of KYC Policy, a „Customer“ is defined as:

- A person or entity that maintains an account and/or has a 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, and
- Any person or entity connected with a financial transaction, which can pose significant reputation or other risks to the Bank, say, a wire transfer or issue of a high value demand draft as a single transaction.

### **Why does the Bank ask you for proof of your identity and address?**

The identification of a customer is a very critical process with a view to protect the customer interests by preventing from fraudsters who may use the name, address and forge signature to undertake benami / illegal business activities, encashment of stolen drafts, cheques, dividend warrants, etc. This also helps to safeguard banks from unwittingly used for the transfer of deposit of funds derived from criminal activity or for financing terrorism. Identification of customers will also help to control financial frauds, identify money laundering and suspicious activities, and for scrutiny / monitoring of large value cash transactions.

## **Are KYC requirements new?**

No, KYC requirements have always been in place and Banks have been taking KYC documents in accordance with the guidelines issued by RBI from time to time. RBI has revisited the KYC guidelines in the context of recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering standards and on Combating Financing of Terrorism and enhanced the KYC standards in line with international benchmarks

## **Is KYC mandatory? Yes.**

It is a regulatory and legal requirement.

**Regulatory:** In terms of the guidelines issued by the Nepal Rastra bank on Know Your Customer [KYC] Standards – Anti Money Laundering [AML] Measures, all banks are required to put in place a comprehensive policy framework covering KYC Standards and AML Measures.

**Legal:** The Prevention of Money Laundering Act which came into force also requires Banks, Financial Institutions and Intermediaries to ensure that they follow certain minimum standards of KYC and AML as laid down in the Act and the "rules" framed there under

## **When does KYC apply?**

KYC will be carried out at the following stages:

- Opening a new account
- Opening a subsequent account where documents as per current KYC standards not been submitted while opening the initial account
- Opening a Locker Facility where these documents are not available with the bank for all the Locker facility holders
- When the bank feels it necessary to obtain additional information from existing customers based on conduct of the account
- When there are changes to signatories, mandate holders, beneficial owners etc

KYC will also be carried out in respect of non-account holders approaching the bank for high value one-off transactions.

## **Who is your contact point in the Bank for KYC purposes?**

Your contact point in the Bank will be the Relationship Manager / the official who opens your account and who is in touch with you for your transactions.

## **What is Money Laundering?**

Money Laundering refers to conversion of money illegally obtained to make it appear as if it originated from a legitimate source. Money laundering is being employed by launderers worldwide to conceal criminal activity associated with it such as drugs / arms trafficking, terrorism and extortion. All crimes that produce a financial benefit give rise to money laundering.

## **What has this got to do with opening bank accounts?**

The first step in the laundering process for criminals is to get their money into an account with a Bank, often using a false identity and address. The funds so deposited will be transferred to other accounts locally or abroad or used for buying goods or services. These transactions would appear to be like any legally earned money and becomes difficult to trace it back to its criminal past. Banks under law should not only prevent this, but should stop criminals who wish to use the banking channel to launder the ill-gotten money from illegal / criminal activities.

### **How could this affect you as a customer?**

A key defense against money laundering is to prevent accounts being opened in false identities. Anyone wishing to open an account will therefore be asked for proof of their identity and address. These documents have to be essentially obtained irrespective of the type of account to be opened and the purpose for which the account is opened for. The fact that these documents are asked for opening of account does not mean that you are suspected of money laundering. Criminals try to appear to be normal law-abiding customers, for example they may try to open a number of accounts using small amounts of money. Hence it is necessary to identify all prospective account holders or customers. Any body including a criminal could falsely use your identity, if these identity documents are not obtained.

### **What proof of identity will you need?**

The best identification documents are those, which are issued by a Government authority, which should have a photograph, address and signature. For an individual documents like copy of the Passport, Election Identity Card, Permanent Account Number (PAN) card, etc. would be sufficient for the purpose of establishing the identity of a customer. This has to be submitted along with a document to establish the address of the customer. You may approach the nearest branch of the Bank for the list of acceptable documents to be submitted for proof of identity and address. Similarly, for other entities like firms, companies, trusts, etc., documents like Partnership Deed, Trust Deed, Memorandum & Articles of Association, Certificate of Incorporation, Registration and Service Tax, etc. would be applicable and the branch / sales staff / call center would be able to help you in providing the details of the list of approved documents.

### **What will happen if you do not provide the required KYC information / documents to the Bank?**

The Bank will be entitled to refuse to open the account (if you are a prospective customer) or discontinue its relationship with you citing non-providing of KYC information / documents (if you are an existing customer). If you however, require reasonable time to furnish certain non-critical documents you can approach the branch / sales staff.

### **Help us to Help You**

Please help us to prevent crime, tax evasion and the laundering of the proceeds of such crime or evasion by being patient when staff asks you to provide documents to prove your identity. You can also help prevent crime against yourself and others by maintaining the confidentiality of your account details and identity documents.

### **NRB Regulations on Prevention of Money Laundering – A customer must know**

Under the Anti Money Laundering Act (AML), and the Rules thereof, the banks are required to report: -

- a) All cash transactions (deposits and withdrawals) of the value of more than Rupees Ten Lakhs or equivalent thereof in foreign currency;
- b) All suspicious transactions whether or note made in cash and by way of as mentioned in the Rules.