

## **Frequently Asked Questions (FAQs) on Know Your Customer (KYC) guidelines**

### **What is KYC?**

Prevention of Money Laundering Act (PMLA), enacted by the Parliament in 2002, makes it obligatory for all the financial intermediaries like banks, financial institutions, Non-Banking Financial Companies (NBFCs), Housing Finance Companies (HFCs) etc. to follow 'Know Your Customer' norms which basically defines the customer identification process. As per the KYC principles, intermediaries have to collect documents known as KYC documents before entering into any transaction with the customers. The KYC process includes taking all reasonable steps to verify the true identity of the customer using reliable, independent source documents, data or information.

### **Why KYC is required?**

The objective of KYC process is to prevent financial intermediaries being used, intentionally or unintentionally by criminal elements for money laundering to fund various illegal activities including global terrorism. The KYC process has become the utmost need of the hour for all financial intermediaries in wake of fast spreading money-laundering menace across the globe.

### **To which category of customers are these KYC requirements applicable?**

The KYC requirement is applicable to all categories of customers transacting with any financial intermediary.

### **When does KYC apply?**

Some of the illustrations where KYC norms will be applicable are as under:

- Any customer opening a new account, eg. loan account, deposit account.
- Any existing customer in whose case required KYC documents are not complete in existing account as per the applicable KYC standards.
- When the financial intermediary feels it is necessary to obtain additional information from existing customers based on conduct of the account.
- Based on instructions received from the regulatory authority.
- When there are changes in signatories, mandate holders, beneficial owners, etc.

### **What documents are collected under KYC?**

As per KYC norms, apart from photograph, two categories of documents are collected – one is as proof of identity and other is as proof of address. Depending on the status of the customer, viz. individual, companies, trust, HUF etc., different sets of documents are collected. The particulars declared on application forms should match with those indicated on KYC documents. Given under is the indicative list of the KYC documents required for various category of customers:

Features	List of valid KYC Documents
Individuals Legal name and any other names used	(i) Passport (ii) PAN Card (iii) Voter's Identity Card (iv) Driving License
Address	<p>Officially Valid Document (OVD): 1) Passport 2) Driving Licences 3) Proof of possession of Aadhaar Number 4) Voter Identification issued by the Election commission of India 5) Job card issued by the National Rural Employment Guarantee Act (NAREGA) duly signed by an officer of the State Government 6) The letter issued by the National Population Register containing details of name, address 7) Any other document as notified by the Central Government in consultation with the regulator.</p> <p>In case OVD furnished by the customer does not contain updated address, the following document shall be deemed to be OVD for the limited purpose of proof of address.</p> <p>1) Utility bill which is not more than two months old of any service provider (Electricity, telephone, post-paid mobile phone, piped gas, water bill) 2) Property or municipal tax receipt 3) Pension or family pension orders(PPOs) issued to retired employees by Government department undertakings, if they contain address 4) Letter of allotment of accommodation from employer issued by State Government or Central Government Department, Statutory or regulatory bodies, Public Sector Undertakings, scheduled commercial bank, financial institution and listed companies and leave and license agreement with such employers allotting official accommodation</p> <p>Note: - Updated OVD to be collected from the customer with current address within a period of three months of submitting the above documents.</p>
Companies <ul style="list-style-type: none"> <li>• Name of the Company, Principal place of business</li> <li>• Address of the company</li> <li>• Identity of signatories</li> </ul>	(a) Certificate of Incorporation (b) Memorandum and Article of Association (c) PAN of the company (d) A resolution from the Board of Directors and power of attorney granted to its managers, officers or employees to transact on its behalf (e) One copy of an Officially Valid Document (OVD) containing details of identity and address, one recent photograph and Permanent Account Numbers or Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf

Partnership firms <ul style="list-style-type: none"> <li>• Legal name and address</li> <li>• Identity of all partners and their addresses</li> <li>• Identity of signatories</li> </ul>	(a) Registration certificate (b) Partnership deed (c) PAN of the partnership firm (d) One copy of an Officially Valid Document (OVD) containing details of identity and address, one recent photograph and Permanent Account Numbers or Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf
Trusts & foundations <ul style="list-style-type: none"> <li>• Identity of trustees, settlers, beneficiaries &amp; signatories</li> <li>• Identity and addresses of founder, the managers/ Directors and the beneficiaries</li> <li>• Identity of signatories</li> </ul>	(a) Registration certificate (b) Trust deed (c) PAN or Form No.60 of the trust (d) One copy of an Officially Valid Document (OVD) containing details of identity and address, one recent photograph and Permanent Account Numbers or Form 60 of the managers, officers or employees, as the case may be, holding an attorney to transact on its behalf

### **Why should I / We comply with KYC norms?**

Compliance with the KYC requirements is mandatory as it is a regulatory and legal requirement.

### **Does a Nominee have to be KYC compliant?**

Not while he / she is a nominee. In the event of such nominees stepping into the shoes of the customer by virtue of Operation of Law, the nominee has to complete KYC requirements in force at that time. If the nominee is still a minor in such an event, the Guardian of the minor has to be KYC compliant.

### **Is it necessary for a minor to be KYC compliant?**

A minor does not require to be KYC compliant. In such cases, the Guardian has to be KYC compliant. However, on attaining majority, a minor has to inform the Company and has to submit the KYC documents for himself.

### **For a HUF customer, who has to provide the details?**

Karta has to be KYC compliant on behalf of the HUF.

### **Can the address proof and identity proof be of any date?**

Identity Proof can be one of the valid documents while for proof of address, the most recent document has to be submitted (not more than 3 months old). However, such a requirement will not apply as long as such document is a valid passport.

**Can a document serve two purposes i.e. both as proof of Identity and Address?**

Yes, documents like a valid passport can be considered for both identity and address proof.

**All applicants have the same address. Do we need to give separate documents evidencing address?**

Yes. KYC norms are applicable to each and every applicant hence KYC documents are required from each applicant.

**Can I / We submit the “photocopy of an attested copy” of an original document?**

No. Such documents are not accepted.

**After submitting KYC with application form, I / We have changes to be effected in the mandatory KYC information. What is to be done?**

Change in any information has to be communicated to HFC or its registrar, immediately. Customer may contact any of the HFC branches / registrar for further clarifications.

**If I want to change my name after marriage then what should I do?**

Customers should send their request for change in name supported by a valid document (such as attested copy of the marriage certificate) evidencing the marriage and change in name to the HFC branch or its registrar.

**What are the consequences of non-compliance with KYC requirement?**

In the event of any business proposal/ application form being found deficient due to lack of required information/ insufficiency of mandatory KYC documentation, further transactions may not be permitted. It will render the application as invalid and will not be processed further.

**In case of change in my address, how do I need to update the same?**

Customers must send their request for change in address supported by the self-attested copy of a valid document evidencing the new address to the HFC or its registrar within reasonable time frame.

**NOTE:** This FAQ is only meant to clarify certain basic questions around Prevention of Money Laundering Act, 2002. The information given is included only for general purpose and the customers should be aware that the relevant rules, regulations, or their interpretation might change. We strongly advise customer to contact our Call Centre/ HFC branches / Registrar for any additional information / clarifications. Please read the notes, guidelines and checklist given on the application forms before filling up / submission of the same to HFC / its representatives. Please visit the website of the Financial Intelligence Unit of the Government of India at [www.fiuindia.gov.in](http://www.fiuindia.gov.in) or the website of National Housing Bank at [www.nhb.org.in](http://www.nhb.org.in) regularly, for further information.