

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5249
ANSWERED ON:26.04.2013
KYC NORMS
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Will the Minister of FINANCE be pleased to state:

- (a) whether instances of some Public Sector Banks in the country violating the Know Your Customer (KYC) norms while dealing with offshore cash transfers have come to the notice of the Government recently;
- (b) if so, the details thereof during each of the last three years and the current year, bank-wise;
- (c) whether several anti national elements and terrorists have been reported to have used public sector banks for transferring their illegal funds; and
- (d) if so, the details thereof and the action taken/being taken by the Government to check such financial deals?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): Reserve Bank of India (RBI) has informed that the desired information is not available with RBI. The Financial Intelligence Unit-India (FIU-IND) has also informed that it has not received any report of violation of KYC norm by Public Sector Banks while dealing with offshore cash transfers.

RBI has formulated the Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) guidelines to be followed by banks, so as to prevent banks from being used, intentionally or unintentionally, by criminal elements for money-laundering or terrorist financing activities. KYC procedures also enables banks to know / understand their customers and their financial dealings better, which in-turn help them manage their risk prudently. Accordingly, all banks, including foreign banks, functioning in India have been advised to follow certain customer identification procedures for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority, i.e. Financial Intelligence Unit-India (FIU-IND). The banks are also required to ensure that a proper Board approved policy framework on KYC / AML / CFT is formulated and implemented by them in accordance with the extant legal and regulatory frame-work..