

**RBI/2004/227**

UBD No.UBD.BPD. PCB. Cir. 48 /09.161.00/2003-04

May 29, 2004

The Chief Executive Officers of all  
Primary (Urban) Co-operative Banks

Dear Sir

**"Know Your Customer" Guidelines-Compliance**

Please refer to our circular UBD No. DS.PCB. Cir 17/13.01.00/2002-03 dated September 18, 2002 on " Know Your Customer" guidelines to be followed by urban cooperative banks while opening accounts. While complying with the above requirements, UCBs also collect a lot of additional personal information.

2. The Committee on Procedures and Performances Audit on Public Services chaired by Shri S. S. Tarapore, has observed that the information collected from the customer is being used for cross selling of services of various products by banks. Sometimes, such information is also provided to other agencies. The information provided by the customer for KYC compliance while opening an account is confidential and divulging any details thereof for cross selling or any other purpose would be in breach of customer confidentiality obligations. Urban Cooperative Banks are, therefore, advised to instruct their branch/es to strictly ensure compliance with their obligations to the customer in this regard.

3. Wherever banks desire to collect any information about the customer for a purpose other than KYC requirements, it should not form part of the account opening form. Such information may be collected separately, purely on a voluntary basis, after explaining the objectives to the customer and taking his express approval for the specific uses to which such information could be put.

4. Banks are advised to get their existing practices in this regard examined by the Board / Administrator, issue suitable instructions to their branch/es and ensure compliance.

5. Please acknowledge receipt of the circular to our Regional Offices.

Yours faithfully,

(S.Karuppasamy)  
Chief General Manager-in- Charge