



RESERVE BANK OF INDIA

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RPCD.CO.RCB.AML.BC. No.37/07.40.00/2010-11

December 10, 2010

The Chief Executives of
all State and Central Co-operative Banks

Dear Sir,

Know Your Customer (KYC) guidelines - Salaried Employees

Please refer to Annex-II to the Guidelines on 'Know Your Customer' Norms and Anti-Money Laundering Measures' enclosed to our [circular RPCD.AML.BC.No.80/07.40.00/2004-05](#) dated February 18, 2005 wherein an indicative list of the nature and type of documents/ information that may be relied upon for customer identification and address verification for opening bank accounts has been given.

2. It has been brought to our notice that for opening bank accounts of salaried employees some banks rely on a certificate/letter issued by the employer as the only KYC document for the purposes of certification of identity as well as address proof. Such a practice is open to misuse and fraught with risk. It is, therefore, clarified that with a view to containing the risk of fraud, banks need to rely on such certification only from corporates and other entities of repute and should be aware of the competent authority designated by the concerned employer to issue such certificate/letter. Further, in addition to the certificate from employer, banks should insist on at least one of the officially valid documents as provided in the Prevention of Money Laundering Rules (viz. passport, driving licence, PAN Card, Voter's Identity card etc.) or utility bills for KYC purposes for opening bank account of salaried employees of corporates and other entities.

3. These guidelines are issued under Section 35A of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies) and Rule 7 of Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005. Any contravention thereof or non-compliance shall attract penalties under the provisions of the Act.

4. Please acknowledge receipt to our Regional Office concerned.

Yours faithfully,

(B.P.Vijayendra)
Chief General Manager