 <b>RAJASTHAN FINANCIAL CORPORATION</b> Entrepreneur First	<b>राजस्थान वित्त निगम</b> Udyog Bhawan, Tilak Marg, JAIPUR Phone: 0141-2385513 Website : www.rfc.rajasthan.gov.in E mail:kkgupta@rfc.rajasthan.gov.in
---	--	--

**(Credit Appraisal Section-1)**

Ref.No.RFC/CAS-I/LA-13(1)/6


Dated: 21-05-2020

**C I R C U L A R**  
(CAS No. 53..)

**Reg.: Amendment to RBI Master Direction on Know Your Customer(KYC)**

As per Circular FI No.04/2019-20 issued by SIDBI, the Government of India, vide Gazette Notification G.S.R 582 (E) dated August 19, 2019 and Gazette Notification G.S.R 840(E) dated November 13, 2019 has notified amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Accordingly, RBI has amended its KYC Master Direction vide its circular No. DOR.AML.BC.No.27/14.01.001/2019-20 dated January 09, 2020. A copy of the circular is attached for ready reference.

All concerned are directed to take a note of it and follow/implement/adhere to the instructions/guidelines strictly issued by the RBI in this regard.

  
**( Urmila Rajoria )**  
**Managing Director**

Encl: As above.

Copy to:

1. All Branch Offices.
2. Standard Circulation at HO.
3. DGM(MS) for hoisting on RFC Website.

sidbi

संदर्भ सं.: आईएफवी / 04675 / एसएफसी / नीति

Ref. No.: IFV / 04675 / SFCs / Policies

25 फरवरी, 2020

February 25, 2020

सभी राज्य वित्त निगमों के अध्यक्ष एवं प्रबंध निदेशक / प्रबंध निदेशक  
CMDs / MDs of all SFCs.

परिपत्र एफआई सं. / Circular FI No. 04 / 2019-20

महोदया / प्रिय महोदय,  
Madam / Dear Sir,

अपना ग्राहक जानें (केवाईसी) के बारे में भा.रि.बैंक के मास्टर निदेश में संशोधन  
(09 जनवरी, 2020 तक अद्यतन)

Amendment to RBI Master Direction on Know Your Customer (KYC)  
(Updated as on January 09, 2020)

उक्त विषय के संदर्भ में आपको सूचित किया जाता है कि भारत सरकार ने 19 अगस्त, 2019 की राजपत्र अधिसूचना जीएसआर 582 (ई) और 13 नवंबर, 2019 की राजपत्र अधिसूचना जीएसआर 840 (ई) के माध्यम से धन-शुद्धि नियारण (अभिलेखों का रखरखाव), नियम, 2005 में किया गया संशोधन अधिसूचित किया है। तदनुसार, भा.रि.बैंक ने दिनांक 09 जनवरी, 2020 के अपने परिपत्र सं. DOR.AMLBC.No.27/14.01.001/2019-20 के माध्यम से केवाईसी मास्टर निदेश अद्यतन किए हैं [केवाईसी संबंधी भा.रि.बैंक के परिपत्र और अद्यतन मास्टर निदेश (09 जनवरी, 2020 तक अद्यतन) की प्रतियाँ अनुलग्न हैं] ।

With reference to the above subject, this is to inform you that Government of India, vide Gazette Notification G.S.R 582 (E) dated August 19, 2019 and Gazette Notification G.S.R 840 (E) dated November 13, 2019 has notified amendment to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005. Accordingly, RBI has amended its KYC Master Direction vide its circular No: DOR.AMLBC.No.27/14.01.001 /2019-20 dated January 09, 2020 [Copy of the RBI Circular and updated RBI Master Direction on KYC (updated as on January 09, 2020) are enclosed]

हिन्दी में पत्राचार का स्वागत करता है ।

तीय लघु उद्योग विकास बैंक

एसएमई विकास केन्द्र, सी - ११, जी ब्लॉक, बान्द्रा कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051. दूरभाष: +91 22 6753 1100, फैक्स: +91 22 6755 1377

ALL INDUSTRIES DEVELOPMENT BANK OF INDIA

ME Development Centre, C-11, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051. Tel.: +91 22 6753 1100, Fax: +91 22 6755 1377

Free No.: 1800 22 6753

www.sidbi.in | www.sidbitrustmumbai.in | www.industrybank.in

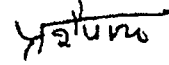
यह भारतीय रिज़र्व बैंक की वेबसाइट पर नीचे दिए गए लिंक पर भी उपलब्ध है।  
The same is also available at the website of RBI on the link given below.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11783&Mode=0>

आपसे अनुरोध है कि इस संबंध में भारतीय रिज़र्व बैंक द्वारा जारी अनुदेशों / दिशानिर्देशों का सख्ती से पालन / कार्यान्वयन करें। इस मामले में दिए गए दिशानिर्देशों को सूचना एवं आवश्यक कार्रवाई के लिए निदेशक मंडल की अगली बैठक में रखा जा सकता है।

You are requested to strictly follow / implement / adhere to the instructions / guidelines issued by RBI in this regard. The guidelines in the matter may be placed at the next meeting of the Board of Directors for information and necessary action.

भवदीया / Yours faithfully,



[प्रफुल्ला शेनॉय / Prafulla Shenoy]

महाप्रबंधक / General Manager

संलग्नक : यथोक्त

Encl: As above



100  
1697

RBI/2019-20/138  
DOR.AML.BC.No.27/14.01.001/2019-20

January 9, 2020

The Chairpersons/ CEOs of all the Regulated Entities

Dear Sir/Madam,

**Amendment to Master Direction (MD) on KYC**

Government of India, vide Gazette Notification G.S.R. 582(E) dated August 19, 2019 and Gazette Notification G.S.R. 840(E) dated November 13, 2019, has notified amendment to the Prevention of Money-laundering <sup>(PMLA)</sup> (Maintenance of Records) Rules, 2005. Further, with a view to leveraging the digital channels for Customer Identification Process (CIP) by Regulated Entities (REs), the Reserve Bank has decided to permit Video based Customer Identification Process (V-CIP) as a consent based alternate method of establishing the customer's identity, for customer onboarding.

2 The consequent changes carried out in the Master Direction on KYC dated February 25, 2016, with the aforementioned amendments to the PML Rules and V-CIP are as under:

**A. Changes due to amendments to the PML Rules**

- a) "Digital KYC" has been defined in Section 3 as capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the Reporting Entity (RE) as per the provisions contained in the Act. Steps to carry out the Digital KYC process have also been stipulated.
- b) "Equivalent e-document" has been defined in Section 3 as an electronic equivalent of a document, issued by the issuing authority of such document with its valid digital signature including documents issued to the digital locker account of the customer as per Rule 9 of the Information Technology (Preservation and Retention of Information by Intermediaries Providing Digital Locker Facilities) Rules, 2016.
- c) Section 16 has been amended and accordingly,

1. customer, for the purpose of Customer Due Diligence (CDD) process, shall submit:

वित्तियमन विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, 12वीं/ 13वीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई- 400001

टेलीफोन/ Tel No: 22661602, 22601000 फैक्स/ Fax No: 022-2270 5691

Department of Regulation, Central Office, Central Office Building, 12<sup>th</sup>/ 13<sup>th</sup> Floor, Shahid Bhagat Singh Marg, Fort, Mumbai - 400001

**हिंदी आख्यान ई. वसुका प्रयोग मन्दाप**

"Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers."

4

- i. the Aadhaar number where he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or he decides to submit his Aadhaar number voluntarily to a banking company or any reporting entity notified under first proviso to sub-section (1) of section 11A of the PML Act; or
- ii. the proof of possession of Aadhaar number where offline verification can be carried out; or
- iii. the proof of possession of Aadhaar number where offline verification cannot be carried out or
- iv. any Officially Valid Document (OVD) or the equivalent e-document thereof containing the details of his identity and address; and
- v. the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962; and
- vi. such other documents including in respect of the nature of business and financial status of the client, or the equivalent e-documents thereof as may be required by the RE.

II. Provided that where the customer has submitted

- i. Aadhaar number under paragraph (c.1.i) above to a bank or to a RE notified under first proviso to sub-section (1) of section 11A of the PML Act, such bank or RE shall carry out authentication of the customer's Aadhaar number using e-KYC authentication facility provided by the Unique Identification Authority of India.
- ii. proof of possession of Aadhaar under clause (c.1.ii) above where offline verification can be carried out, the RE shall carry out offline verification
- iii. an equivalent e-document of any OVD, the RE shall verify the digital signature as per the provisions of the Information Technology Act, 2000 (21 of 2000) and any rules issues thereunder and take a live photo as specified under Annex I of the Master Direction.
- iv. proof of possession of Aadhaar number where offline verification cannot be carried out under clause (c.1.iii) above or any OVD under clause (c.1.iv), the RE shall carry out verification through digital KYC as specified under Annex I of the Master Direction.

Provided, for a period not beyond such date as may be notified by the Government for a class of REs, instead of carrying out digital KYC, the RE pertaining to such class may obtain a certified copy of the proof of possession of Aadhaar number or the OVD and a recent photograph where an equivalent e-document is not submitted.

III. Equivalent e-document has also been permitted for accounts of non-individual customer.

IV. Where a customer has provided his Aadhaar number under paragraph (c.1.i) above for identification and wants to provide a current address, different from the address as per the identity information available in the Central Identities Data Repository, he may give a self-declaration to that effect to the Regulated Entity.

**B. Changes due to introduction of Video based Customer Identification Process (V-CIP)**

- a) Definition of V-CIP has been inserted in Section 3 of the Master Direction
- b) The process of V-CIP has been specified in Section 18 in terms of which, REs may undertake live V-CIP, to be carried out by an official of the RE, for establishment of an account based relationship with an individual customer, after obtaining his informed consent and shall adhere to the following stipulations:
  - i. The official of the RE performing the V-CIP shall record video as well as capture photograph of the customer present for identification and obtain the identification information as below:
    - Banks: can use either OTP based Aadhaar e-KYC authentication or Offline Verification of Aadhaar for identification. Further, services of Business Correspondents (BCs) may be used by banks for aiding the V-CIP.
    - REs other than banks: can only carry out Offline Verification of Aadhaar for identification.
  - ii. RE shall capture a clear image of PAN card to be displayed by the customer during the process, except in cases where e-PAN is provided by the customer. The PAN details shall be verified from the database of the issuing authority.
  - iii. Live location of the customer (Geotagging) shall be captured to ensure that customer is physically present in India
  - iv. The official of the RE shall ensure that photograph of the customer in the Aadhaar/PAN details matches with the customer undertaking the V-CIP and the identification details in Aadhaar/PAN shall match with the details provided by the customer.
  - v. The official of the RE shall ensure that the sequence and/or type of questions during video interactions are varied in order to establish that the interactions are real-time and not pre-recorded.
  - vi. In case of offline verification of Aadhaar using XML file or Aadhaar Secure QR Code, it shall be ensured that the XML file or QR code generation date is not older than 3 days from the date of carrying out V-CIP.
  - vii. All accounts opened through V-CIP shall be made operational only after being subject to concurrent audit, to ensure the integrity of process.

- viii. RE shall ensure that the process is a seamless, real-time, secured, end-to-end encrypted audiovisual interaction with the customer and the quality of the communication is adequate to allow identification of the customer beyond doubt. RE shall carry out the liveness check in order to guard against spoofing and such other fraudulent manipulations.
- ix. To ensure security, robustness and end to end encryption, the REs shall carry out software and security audit and validation of the V-CIP application before rolling it out.
- x. The audiovisual interaction shall be triggered from the domain of the RE itself, and not from third party service provider, if any. The V-CIP process shall be operated by officials specifically trained for this purpose. The activity log along with the credentials of the official performing the V-CIP shall be preserved.
- xi. REs shall ensure that the video recording is stored in a safe and secure manner and bears the date and time stamp.
- xii. REs are encouraged to take assistance of the latest available technology, including Artificial Intelligence (AI) and face matching technologies, to ensure the integrity of the process as well as the information furnished by the customer. However, the responsibility of customer identification shall rest with the RE.
- xiii. RE shall ensure to redact or blackout the Aadhaar number in terms of Section 16.
- xiv. BCs can facilitate the process only at the customer end and as already stated in para B(b) above, the official at the other end of V-CIP interaction should necessarily be a bank official. Banks shall maintain the details of the BC assisting the customer, where services of BCs are utilized. The ultimate responsibility for customer due diligence will be with the bank.

3. The Master Direction on KYC dated February 25, 2016, is hereby updated to reflect the above changes and shall come into force with immediate effect.

Yours faithfully,

(Dr. S. K. Kar)  
Chief General Manager