



राष्ट्रीय वित्तीय शिक्षा केन्द्र
National Centre for Financial Education
एक आर्थिक रूप से जागरूक और सशक्त भारत
A financially aware and empowered India



KYC

(Know Your Customer)



DELHI PUBLIC SCHOOL

JAIPUR

Acknowledgment

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STORYBOARD

Banking

Trading

KYC
(Know your customer)

Insurance

Funding

Mutual
Funds

Stock
Market

Money
Laundering

TYPES OF KYC

	 O-KYC	 V-KYC	 C-KYC	 D-KYC
Process	<ul style="list-style-type: none"> • Live Photo • Aadhar XML, PDF or QR code-based • PAN or e-PAN or Form 60 • Other Documents 	<ul style="list-style-type: none"> • Live Video • O-KYC • PAN or e-PAN • Other Documents 	<ul style="list-style-type: none"> • Live Photo • O-KYC • PAN, e-PAN or Form 60 • Other Documents 	<ul style="list-style-type: none"> • Date and Time Stamped, • Live Geotagged Photo • OVD /e-OVD • PAN or e-PAN or Form 60 • Other Documents
Control	<ul style="list-style-type: none"> • Verified with Photo from O-KYC Process (XML) • OKYC Verification Conducted • PAN Verified from NSDL 	<ul style="list-style-type: none"> • Geo Tagging, Photo Match with OKYC • Randomised Questions • Fraud and Liveliness Check • O-KYC document <= 3 days, PAN Verified by NSDL 	<ul style="list-style-type: none"> • Verified with Photo from CKYCR • Document Received Verified by RE • Pan Verified by NSDL 	<ul style="list-style-type: none"> • Digital KYC Process Control Required • e-OVD Verified by Digital Signature • PAN Verified from NSDL
Entities Permitted	<ul style="list-style-type: none"> • Banks • NBFCs • FinTech Companies 	<ul style="list-style-type: none"> • Banks • NBFCs using O-KYC • FinTech Companies 	<ul style="list-style-type: none"> • Banks • NBFCs • FinTech Companies 	<ul style="list-style-type: none"> • Banks • NBFCs • FinTech Companies



Learning Outcomes

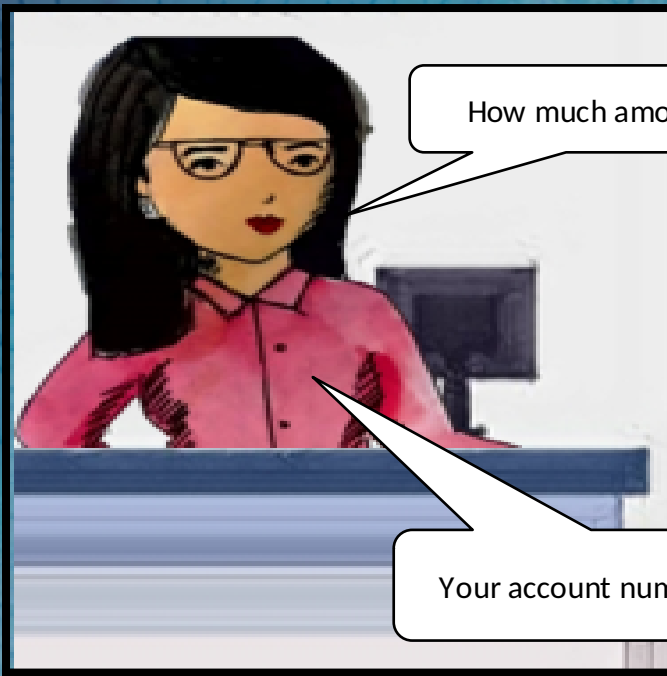
To enable students to learn the concept of 'Know Your Customer'.

To understand the importance of KYC in financial sector.

Enable students to understand the benefits of KYC with reference to government schemes.

Atharv is a businessman and he goes to the bank where he talks to the bank employee Dipti.



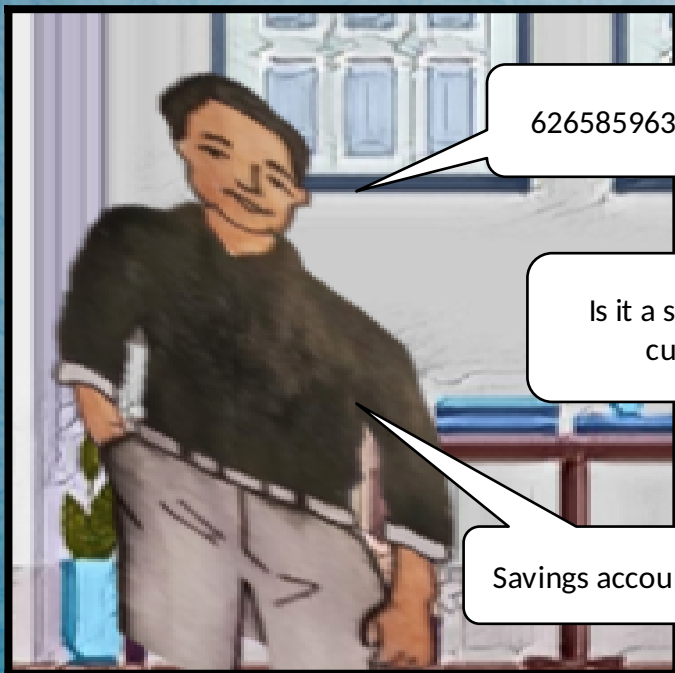


How much amount?

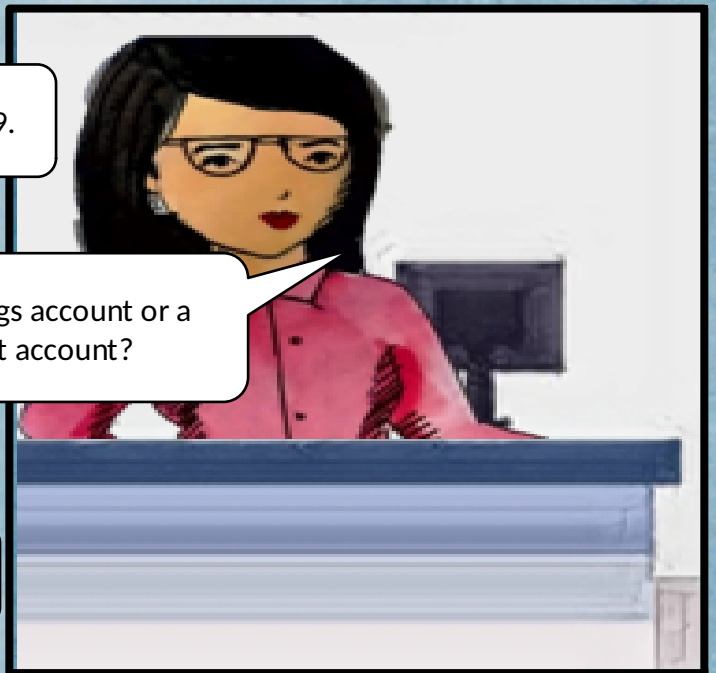


Rs. 50,000

Your account number, please.

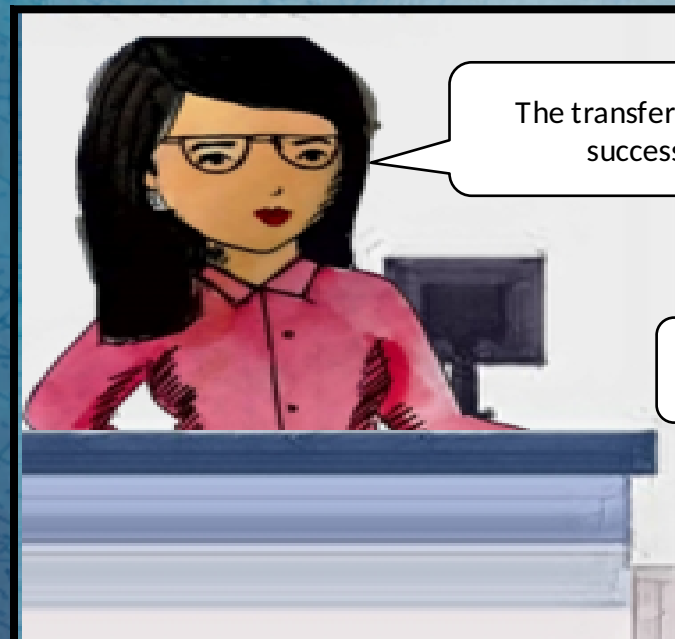


6265859638769.



Is it a savings account or a current account?

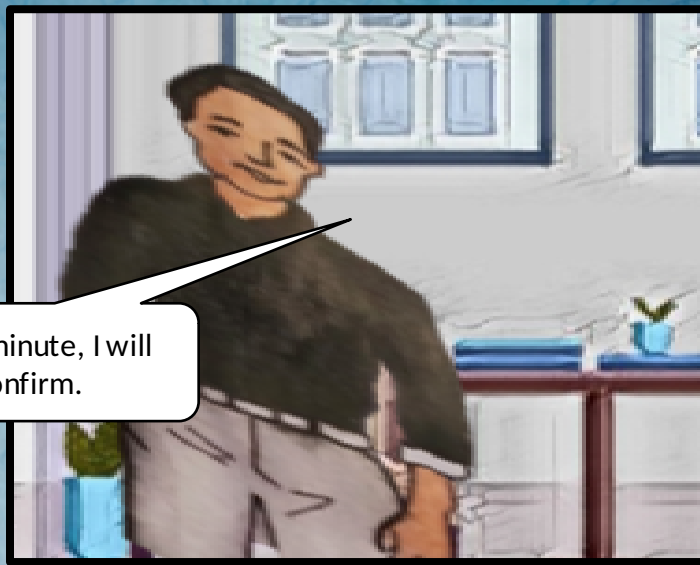
Savings account.



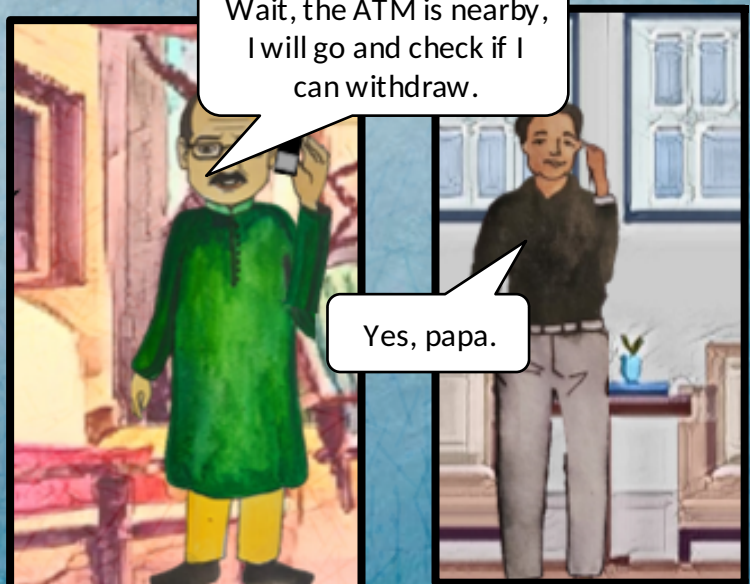
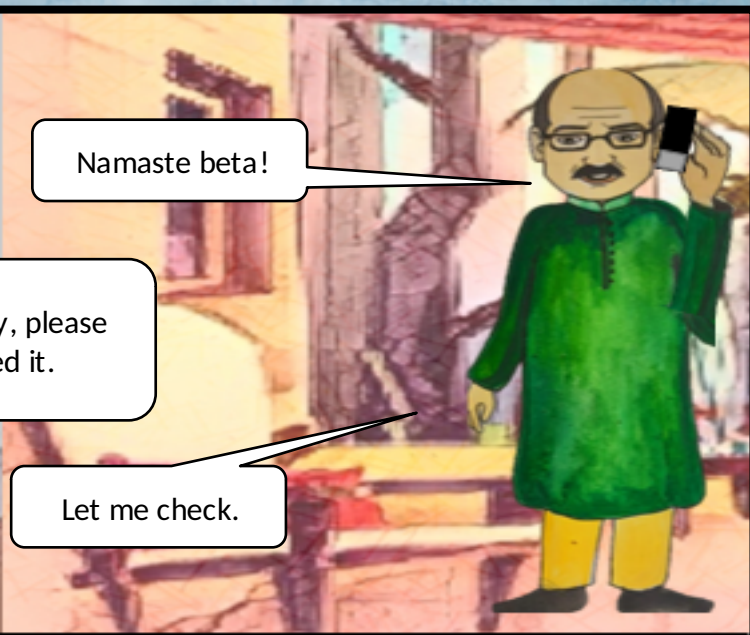
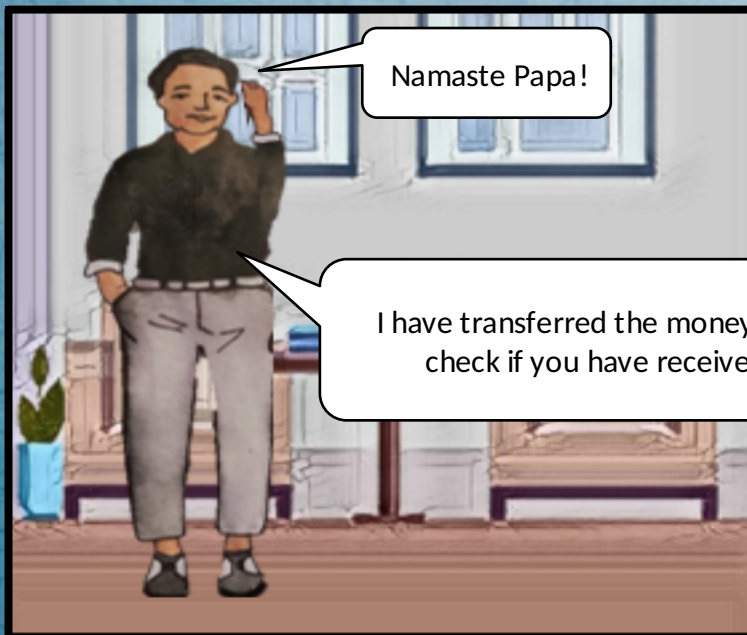
The transfer of money is successful sir.

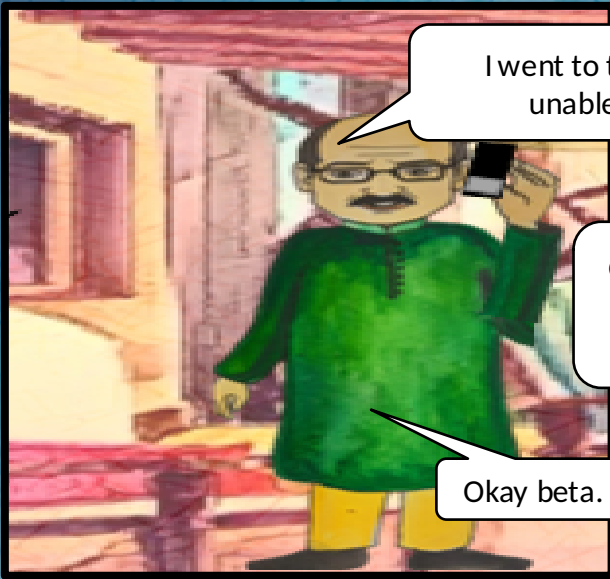


Okay, thank you.



Atharv calls his father, Vijay to confirm if he has received the transferred money.

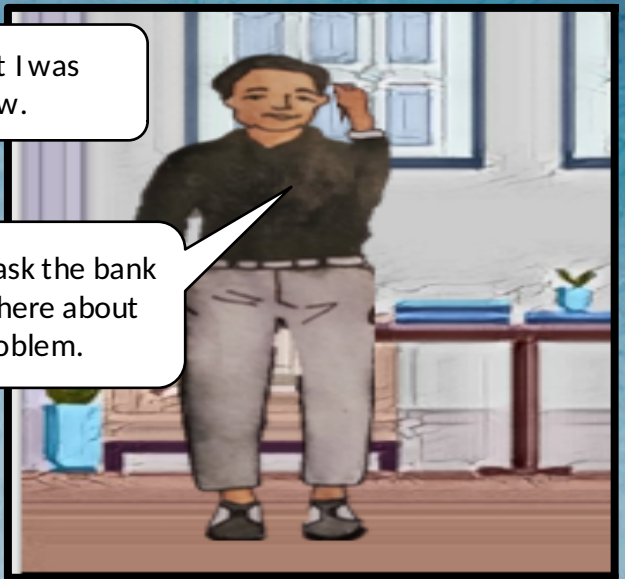




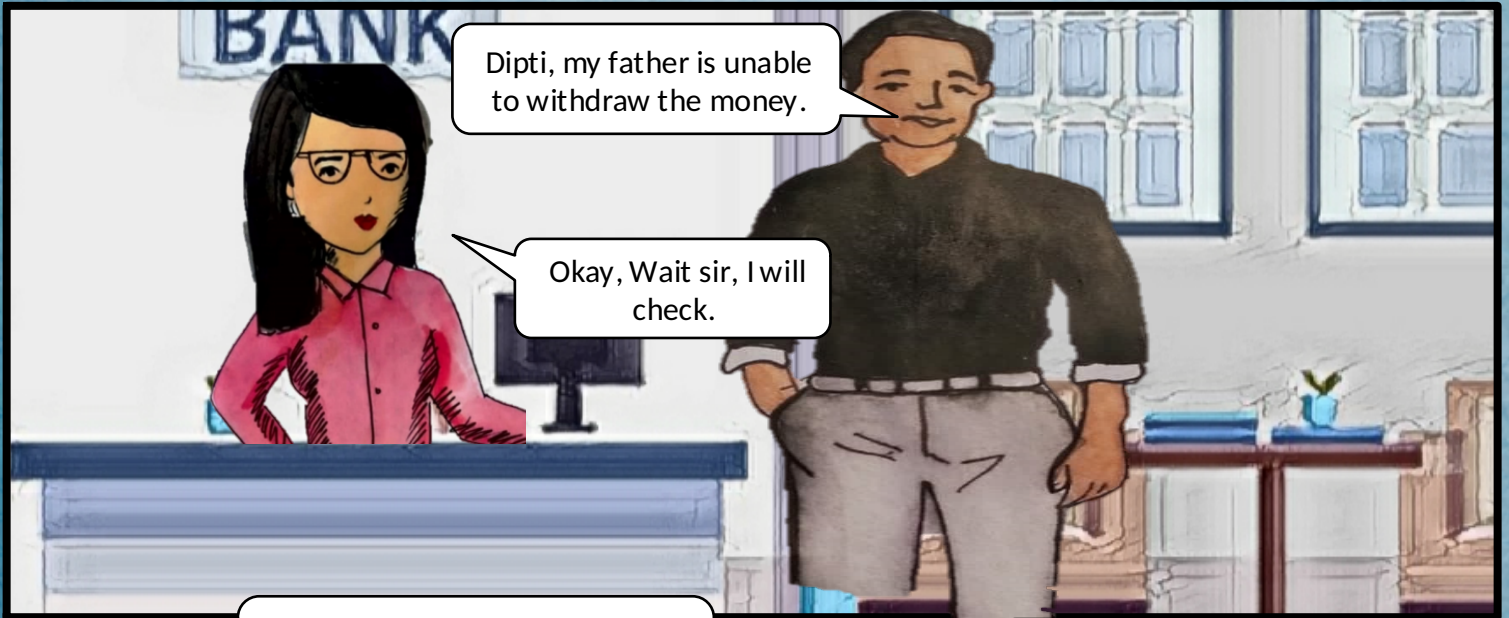
I went to the ATM but I was unable to withdraw.

Okay, I will ask the bank employee here about the problem.

Okay beta.



Atharv walks up to Dipti and asks her about the problem.



Dipti, my father is unable to withdraw the money.

Okay, Wait sir, I will check.



Sir, Mr. Vinod has not used his bank account for over 7 months.

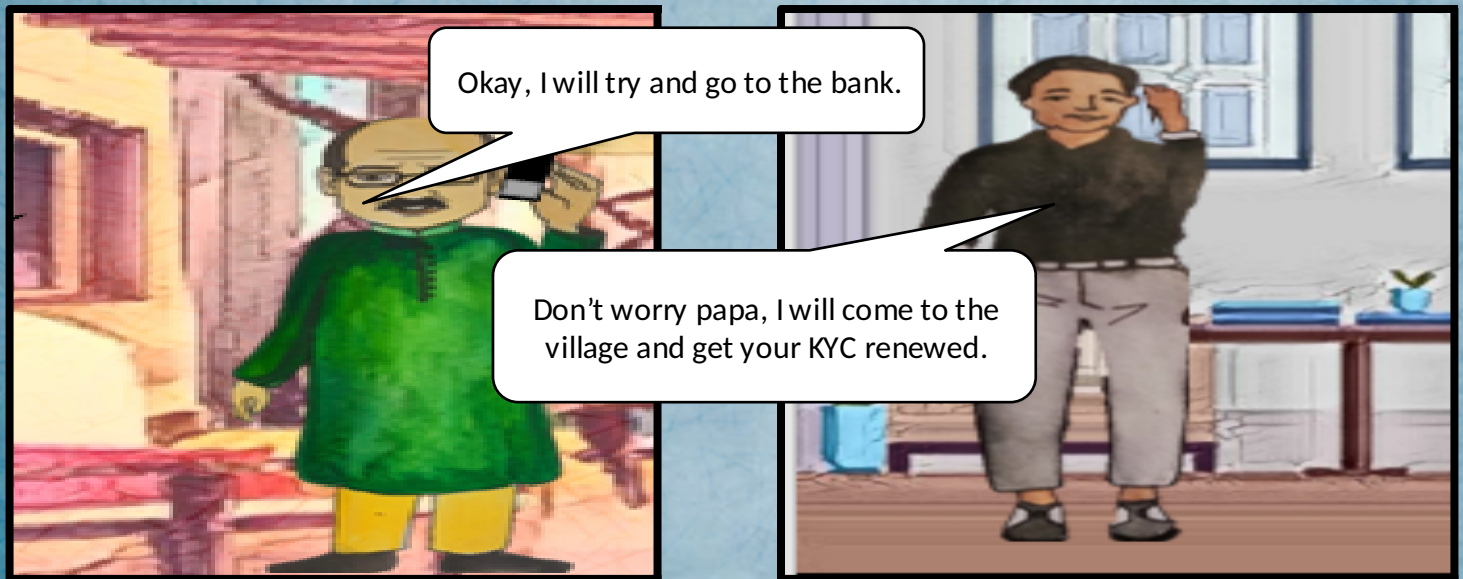
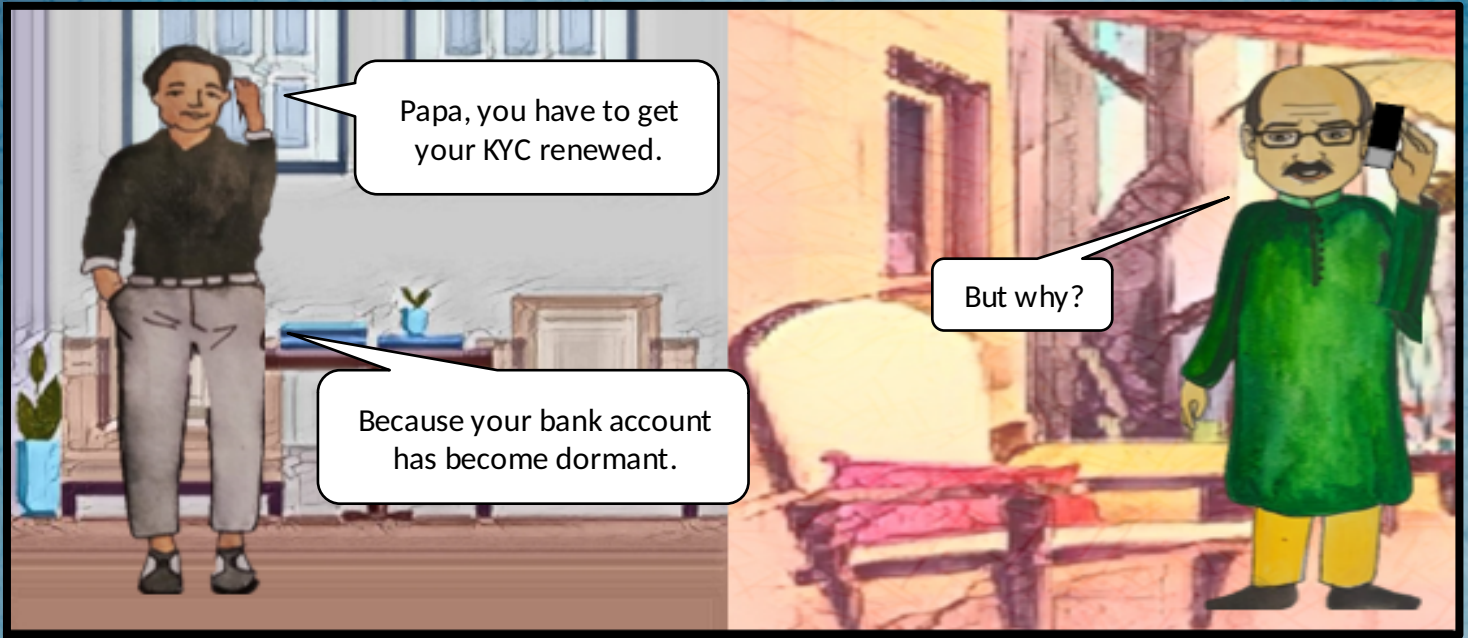
Oh no, now what should I do?



You have to get his KYC renewed.

Okay, thank you for your help.

Atharv calls his father again to tell the problem.





Okay, see you soon.

Sure, bye.



Bye, take care.

Atharv goes out of the bank and meets Diya, his friend.



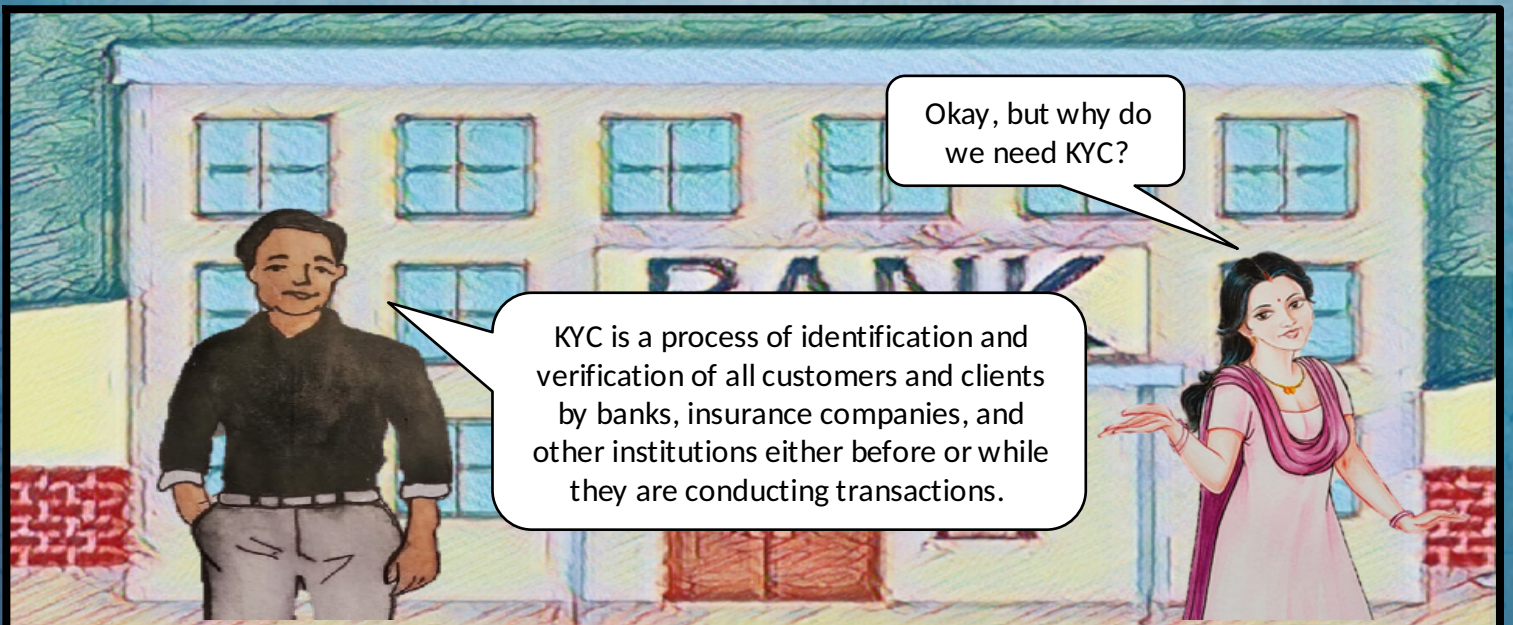
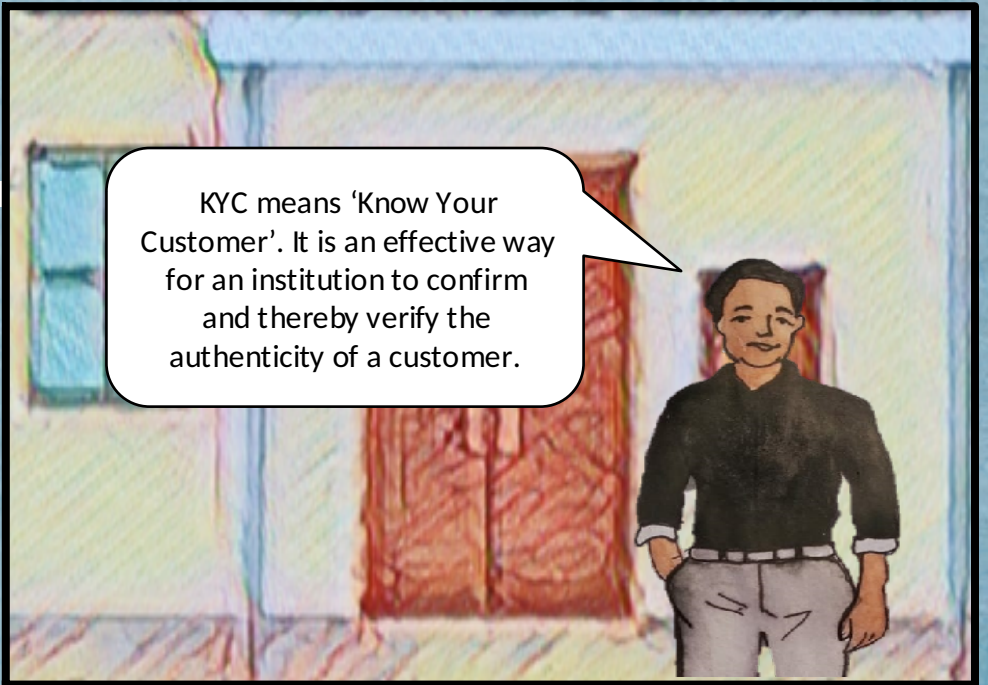
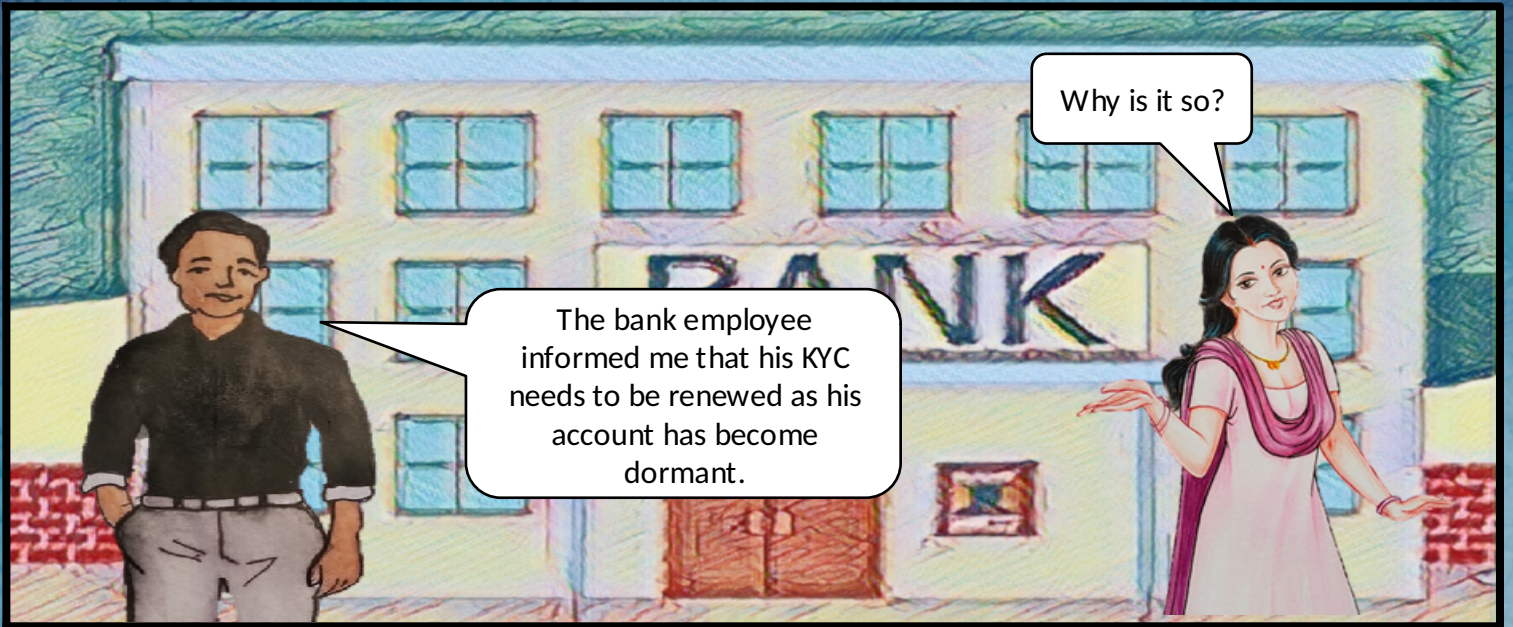
Hi Diya!

Hello Atharv!.

How are you doing?

I am good, what about you?





This prevents banks from being misused by criminal elements for money laundering activities.



This topic seems interesting and important for each one to know.



Please give me more information regarding this.



Ya sure, there are two types of KYC.

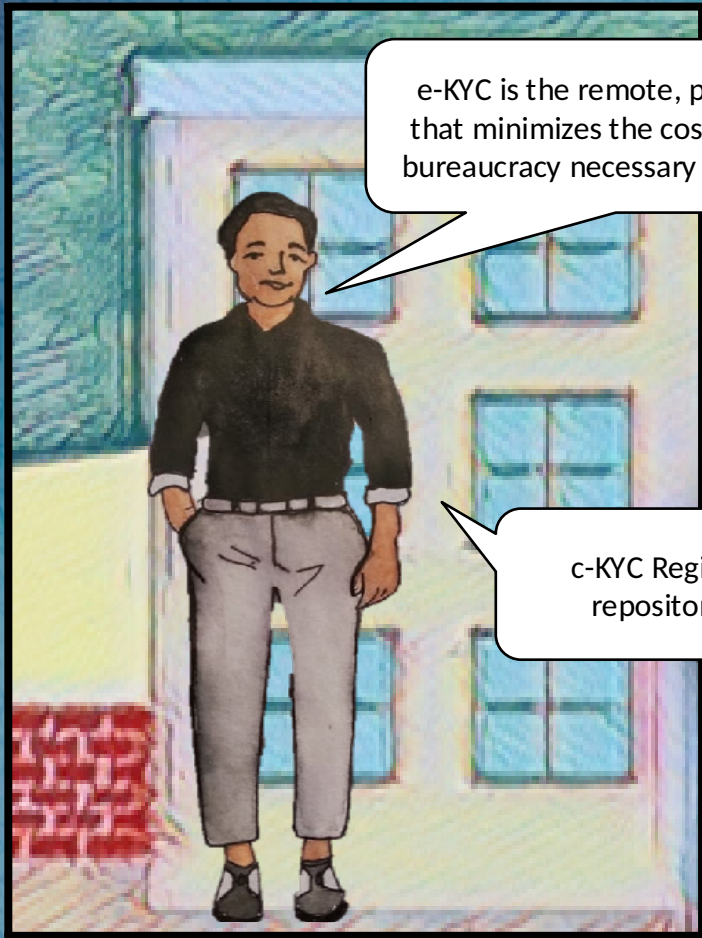


The first one is e-KYC and the other one is c-KYC.

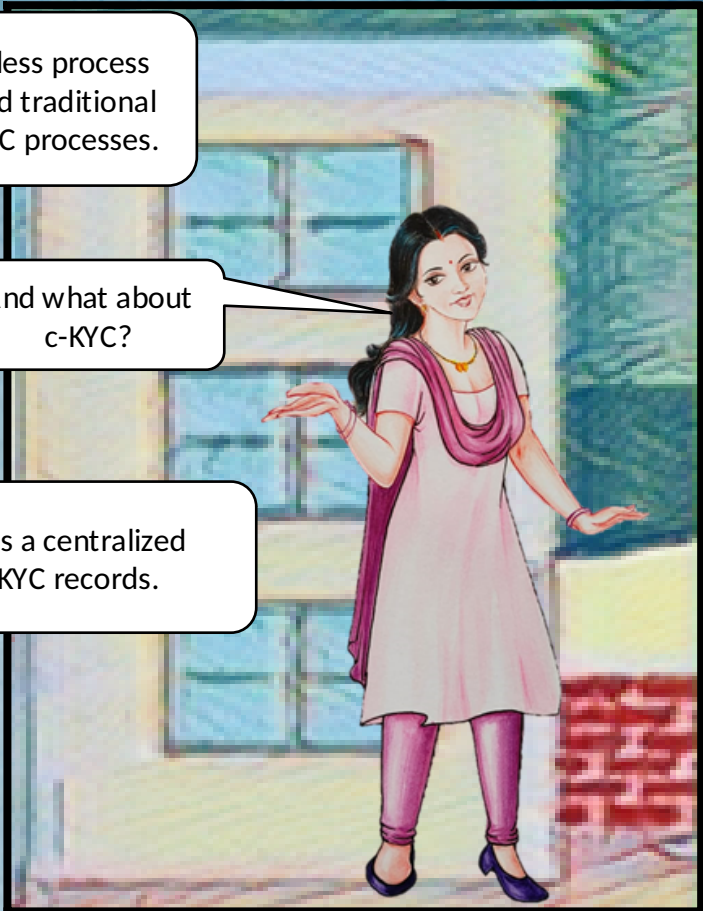


What is the difference between the two?





e-KYC is the remote, paperless process that minimizes the costs and traditional bureaucracy necessary in KYC processes.



And what about c-KYC?

c-KYC Registry is a centralized repository of KYC records.



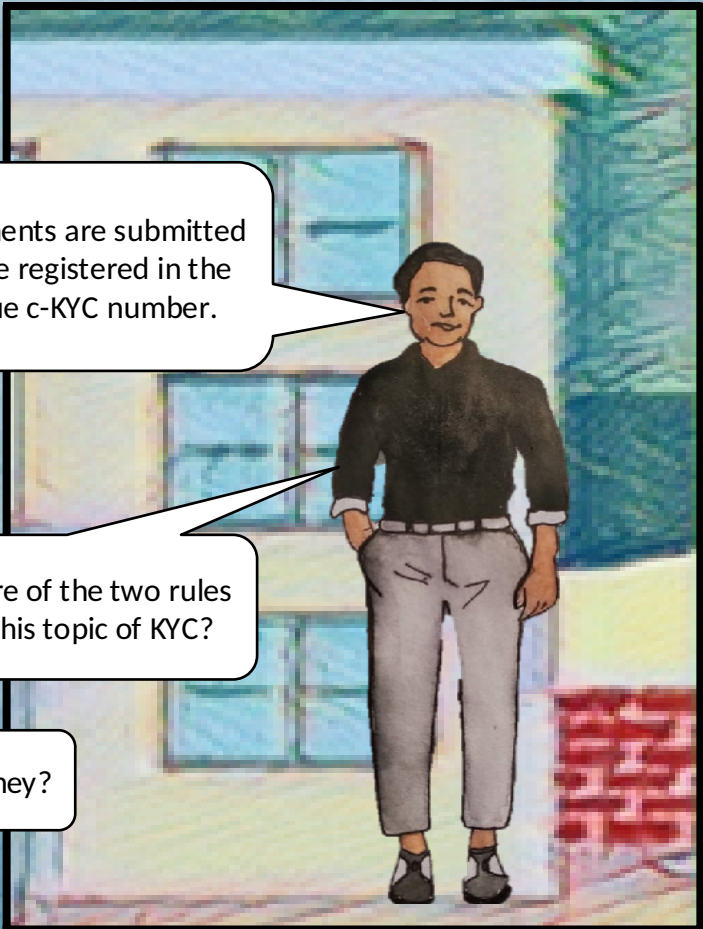
Oh!


Yes. Once the KYC documents are submitted by an individual, they are registered in the repository with a unique c-KYC number.

Okay.

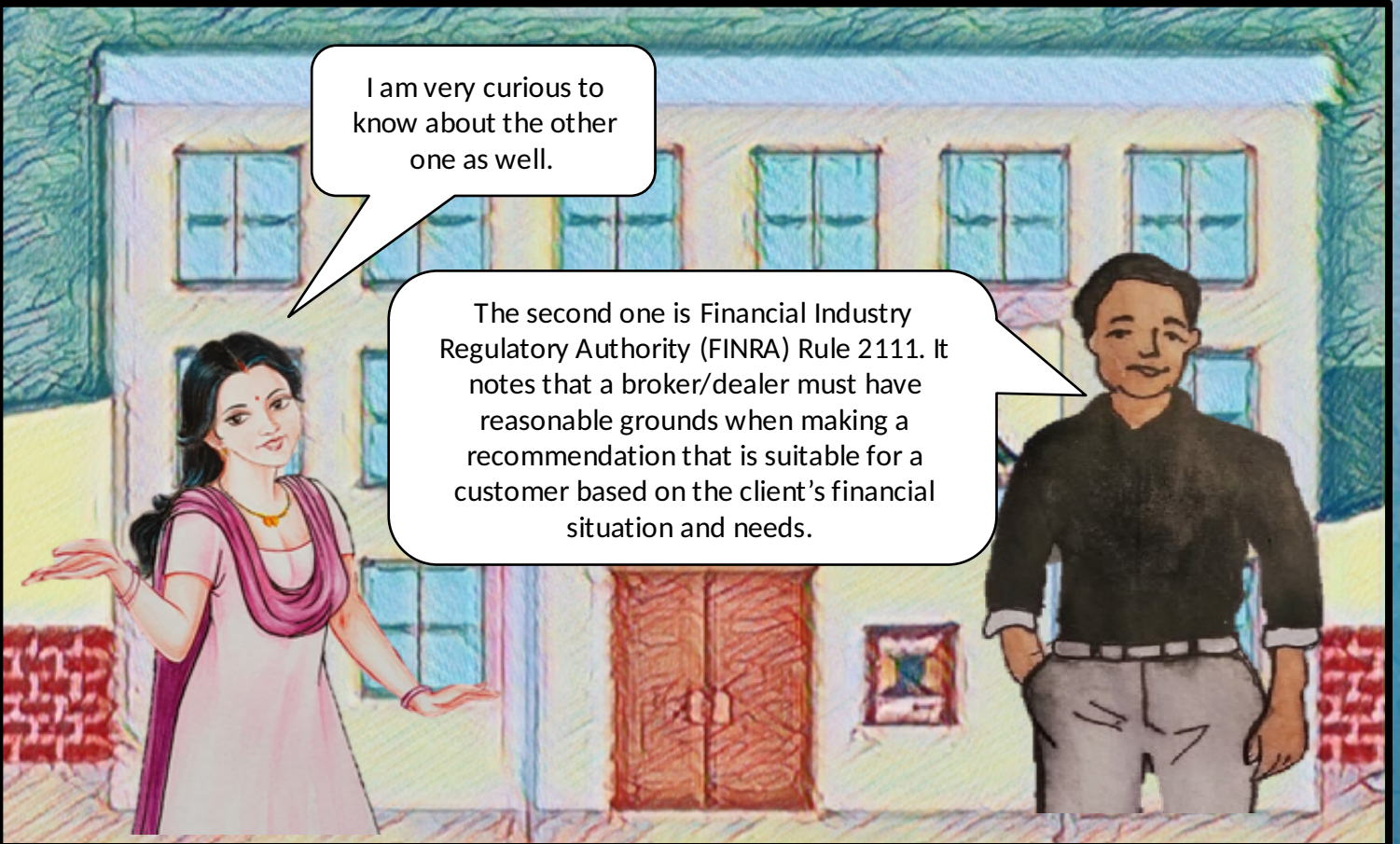
Are you aware of the two rules that cover this topic of KYC?

No, I don't know. What are they?



A man in a black shirt and grey trousers stands on the left, and a woman in a pink dress with a purple shawl stands on the right. They are in front of a yellow building with blue windows and a sign that says 'BANK'.

The first one is Financial Industry Regulatory Authority (FINRA) Rule 2090. It states that every broker/dealer should know and keep records on the essential facts of each customer, as well as identify each person who has the authority to act on the customer's behalf.

A woman in a pink dress with a purple shawl stands on the left, and a man in a black shirt and grey trousers stands on the right. They are in front of a yellow building with blue windows and a brown door.

I am very curious to know about the other one as well.

The second one is Financial Industry Regulatory Authority (FINRA) Rule 2111. It notes that a broker/dealer must have reasonable grounds when making a recommendation that is suitable for a customer based on the client's financial situation and needs.



Thank you Atharv for giving me such an important piece of information.

What will you do now?



Most welcome.



I will go to my village, Borivali as my father can't go to the bank alone and get his KYC renewed.

Ya right, may I drop you at the bus stop?



Oh so sweet of you, thanks.

No problem at all.





Here is the bus. Do inform me after reaching Borivali. Also, pay my regards to uncle and aunty. Bye!!

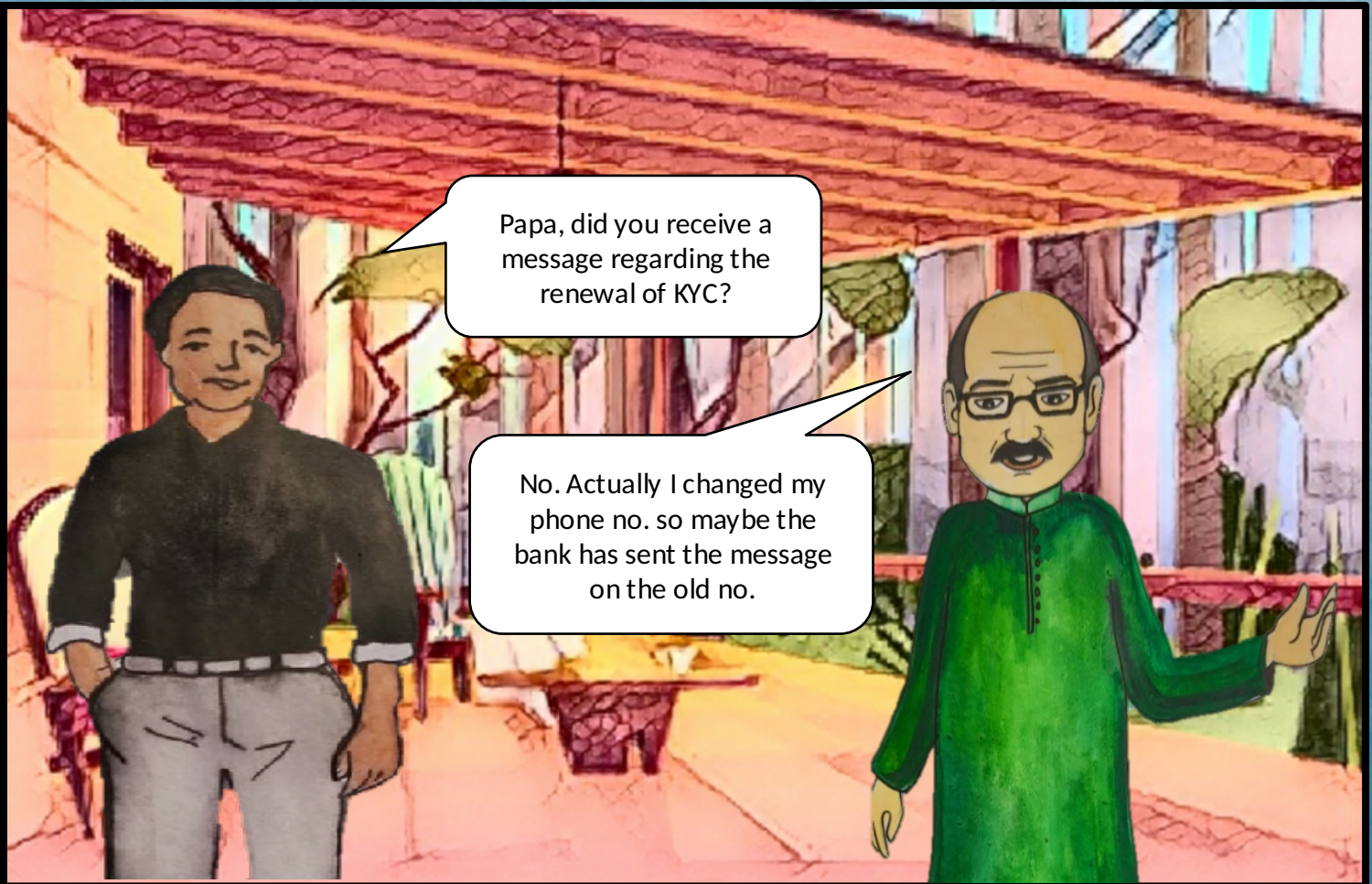
Yeah sure, thank you Diya. Bye!


Atharv reaches his village and goes to his home.



Pranam papa! How are you and everyone else?

Everyone is doing well.



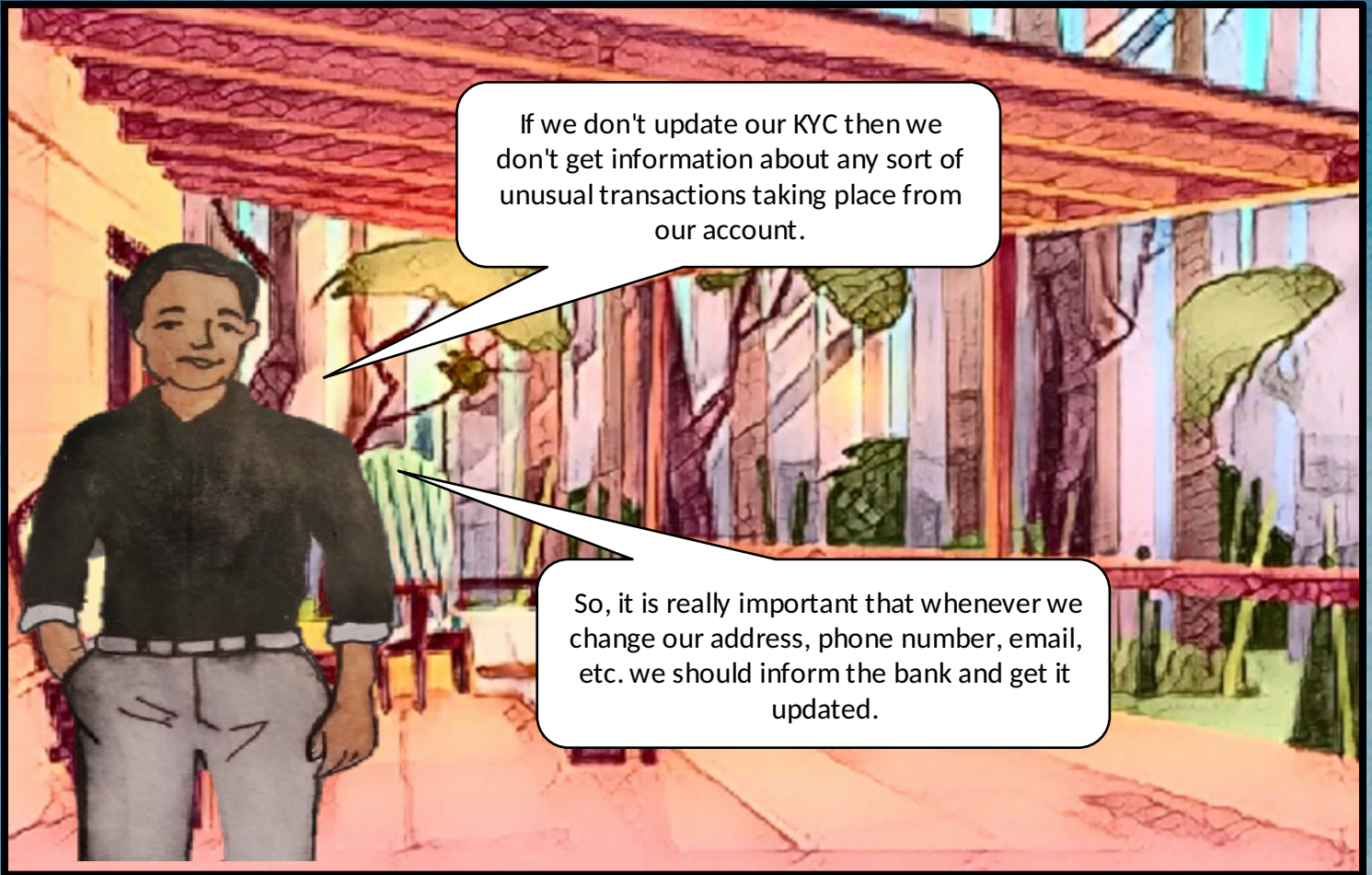


Okay, we will get your number updated when we go to the bank tomorrow.

Okay dear.

I am glad that we got to know about it before anything wrong happened.

Wrong? Like what son?




If we don't update our KYC then we don't get information about any sort of unusual transactions taking place from our account.

So, it is really important that whenever we change our address, phone number, email, etc. we should inform the bank and get it updated.



Okay, now I understood its importance. I think it would be really nice if we tell about it to others in the village as well.

Sure papa, we can have a meeting tomorrow.

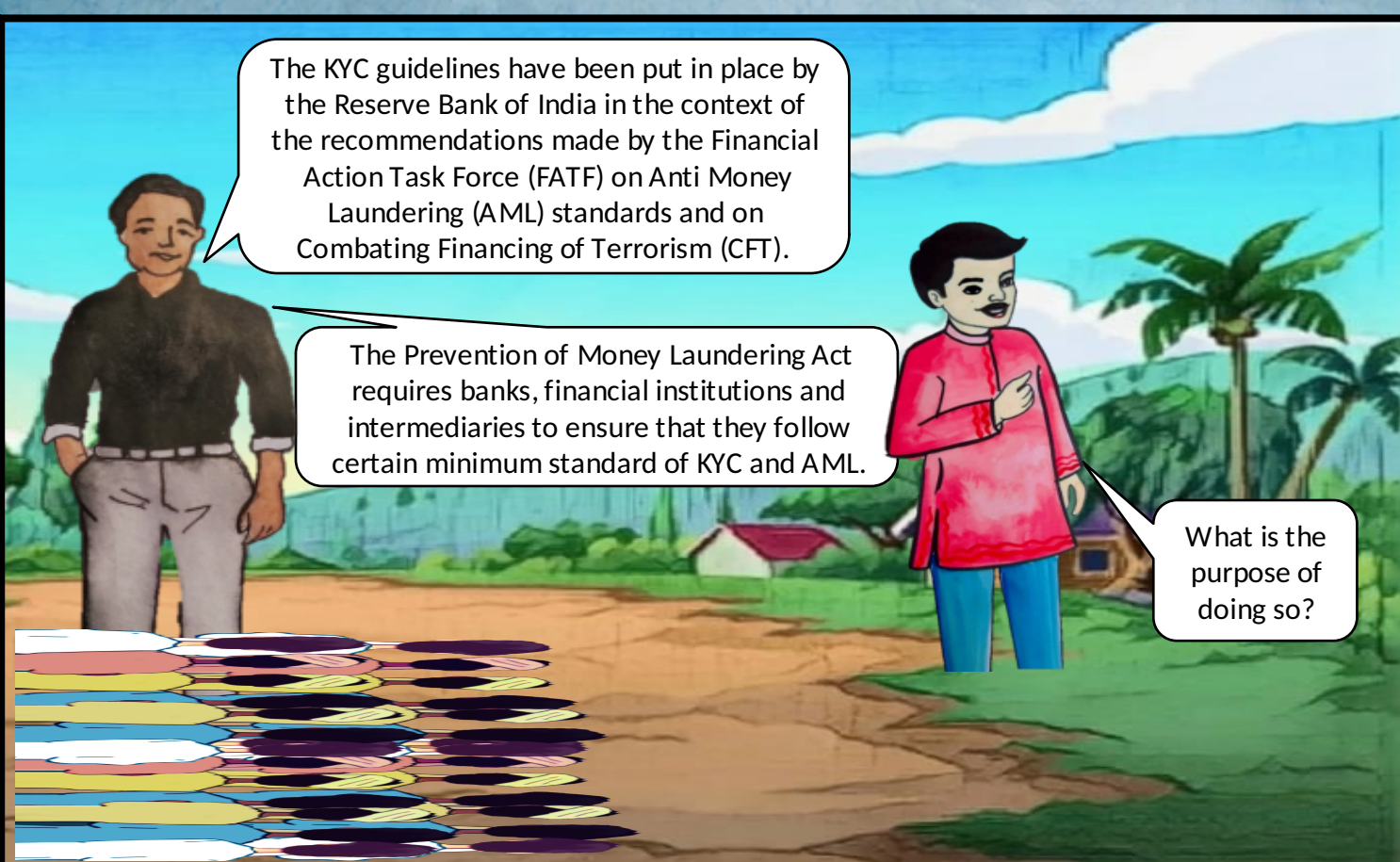


Greetings everyone, KYC is really important so I am here to tell you all more about it.

Similar information has to be provided for joint and mandate holders.

KYC is the means of identifying and verifying the identity of the customer through independent and reliable sources of documents, data, and information.

For the purpose of verifying the identity of customers, the bank obtains the customer's identity information, address, and recent photograph.



The KYC guidelines have been put in place by the Reserve Bank of India in the context of the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT).

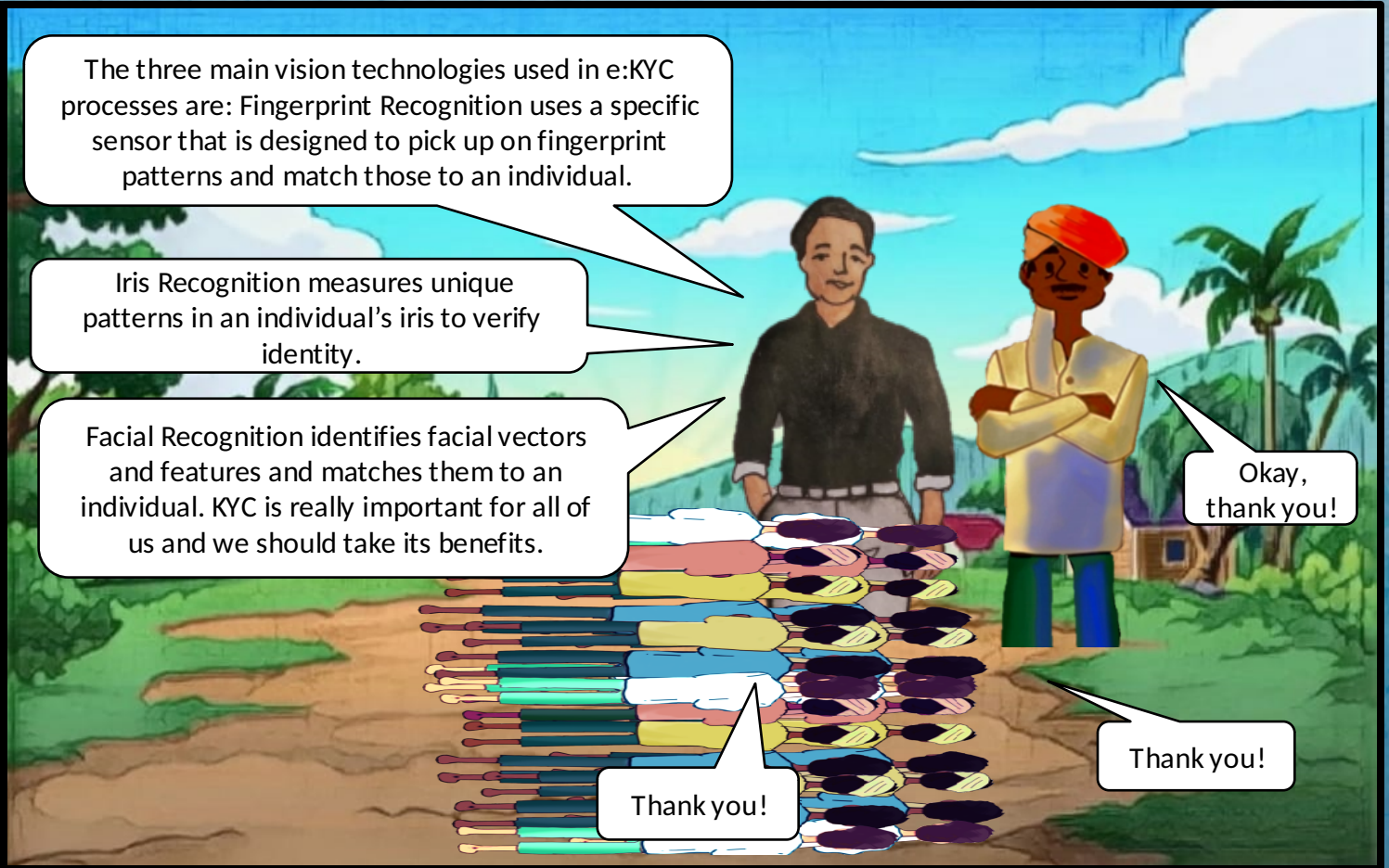
The Prevention of Money Laundering Act requires banks, financial institutions and intermediaries to ensure that they follow certain minimum standard of KYC and AML.

What is the purpose of doing so?



Okay

What are the technology used in KYC that helps in frauds?



The three main vision technologies used in e:KYC processes are: Fingerprint Recognition uses a specific sensor that is designed to pick up on fingerprint patterns and match those to an individual.

Iris Recognition measures unique patterns in an individual's iris to verify identity.

Facial Recognition identifies facial vectors and features and matches them to an individual. KYC is really important for all of us and we should take its benefits.

Okay, thank you!

Thank you!

Thank you!

summary

In the KYC story, the main character is Atharv, a businessman who goes to the bank to transfer money into his father's account. The bank employee Dipti helps him transfer the money to his father's bank account. For confirming that has his father received the money he called him but he said that he is not able to withdraw the money. To this Athrav asked Dipti about it and she said that his father's account has become dormant. As Mr. Vinod has not used his account for 7 months due to which his KYC has expired. KYC needs to be renewed. As Atharv was on the way to going out of the bank he met his friend Divya. Divya asked Athrav about the reason for coming to the bank and told them everything. She didn't know about KYC, its types, and the rules that cover the KYC topic, so he explained everything. When Athrav reached his village, Borivali explains to his village people about KYC benefits.