

RBI eases norms, 1 photo ID proof to open bank account

Reserve Bank of India has, as part of Prime Minister Narendra Modi's push for financial inclusion, relaxed 'know your customer' (KYC) norms to open new bank accounts.

RBI said there would be no need for applicants to submit separate documents for address and identity proof to open a savings account. The central bank has directed banks to accept a single document, like a driving licence, which contains the applicant's photograph and address to open an account.

"Officially valid documents for KYC include passport, driving licence, voter ID card, PAN card, Aadhaar letter issued by UIDAI and job card issued by MNREGA and signed by a state government official," RBI said. It also announced several other relaxations.

Modi's Jan Dhan Yojana seeks to provide a bank account for every household, especially the poor, under which banks will offer their services to households currently outside the ambit of financial services. An estimated 40% of the population currently does not have access to the banking system.

To make the process of opening an account easier, banks will be treat information containing personal details like name, address, age, gender and photographs made available by UIDAI as a result of e-KYC process as officially valid documents, RBI said.

Applicants will not need to submit separate proof for current address. "If the current address is different from proof of address submitted by the customer, a simple declaration about the current address will be sufficient," RBI said.

Customers will also not need to submit separate KYC proof for transfer of a bank account from one branch to another.

Banks will open small accounts for people without officially valid documents. A person can open a small account with a self-attested photograph and signature or thumb print in the presence of a bank official. RBI has limited the credit in such accounts to Rs 1 lakh a year, withdrawals to Rs 10,000 per month and account balance to not more than Rs 50,000 at any point in time.

These accounts will be valid for 12 months, within which the customer can submit officially valid documents to open a regular savings account. The customer can, alternately, renew the small account with proof of application for officially valid documents.

RBI has increased the time interval to update KYC proof for low, medium and high risk customers to 10 years, eight years and two years, respectively. Banks will give foreign students a month to furnish proof of local address.

(Times of India)