

## Review Paper- Study on Central Know Your Customer (CKYC)

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### ABSTRACT –

To Know Your Customer (CKYC) Policy is introduced in financial industry to prevent the Bank from being used by criminal elements for money laundering activities and to understand the customer and their financial dealings to manage their risks prudently. Know your customer policies are very important for identity theft fraud, Anti money laundering and terrorist financing. In order to reduce the risk of identity fraud document forgery and have paperless KYC verification UIDAI has launched its E-KYC service. In order to help investors and customers CKYC is introduced by Government of India in Feb 2017. Government of India has authorized a central Registry of Securitization of Asset Reconstruction and Security Interest of India (CERSAI) to act as, and perform the function of CKYC.

**KEYWORDS** – Unified Customer Number, Block chain in KYC, Increase Global KYC Standard, Maintain Secrecy, Know your customer.

### I. INTRODUCTION -

RBI had advised to follow customer identification procedure for opening of Accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority 15th December 2004. These “Know Your Customer” guidelines have been revised 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). Now RBI had then advised to formulate policy on “Know Your Customer” in order to take Anti-Money Laundering measures.

The policy on “Know Your Customer” covering identification procedure for opening of Accounts and monitoring transactions of a suspicious nature to take Anti-Money Laundering measures as per RBI guidelines be reviewed and adopted.

### II. OBJECTIVE OF STUDY –

The main objective of CKYC is to provide a platform which enables investors to complete their KYC only once before interacting with various entities in the financial services sector.

### III. WHAT IS CKYC?

CKYC refers to Central KYC (Know Your Customer), an initiative of the Government of India. The aim of this initiative is to have a structure in place which allows investors to complete their KYC only once before interacting with various entities across the financial sector. CKYC is a 14-digit number which is linked with the customers ID Proof. The data is safely stored in electronic format.

## **VI. WHY DID I GET CKYC NUMBER?**

Once you open any bank account such as CASA account, Demat account, investing in mutual funds etc. these financial institutions will register your KYC with CKYC.

## **VII. WHAT DOCUMENTS ARE REQUIRED**

### **FOR CKYC?**

The official valid document for CKYC are Passport, Election Identity Card, Permanent Account Number (PAN) card, Adhar card And Passport size Photo.

## **VIII. WHAT ARE BENEFITS OF CKYC?**

1. It Provide customers Unified KYC Number which linked with their ID proof.
2. No need to submit KYC documents again and again while getting any financial product or services.
3. Any change in customer KYC will quickly reflect in all financial institute.
4. Document submitted are verified and valid documents.
5. Reduction of cost efficiency in financial institution.

## **IX. TYPES OF KYC?**

1. KYC-Know your customer
2. E-KYC- Electronic Know Your Customer
3. C-KYC-Central Know Your Customer

## **X. DATA ANALYSIS –**

Data collection is the process of acquiring, collecting, extracting, and storing the voluminous amount of data which may be in the structured or unstructured form like text, video, audio, XML files, records, or other image files used in later stages of data analysis. In the process of big data analysis, “Data collection” is the initial step before starting to analyze the patterns or useful information in data. The data which is to be analyzed must be collected from different valid sources. I have selected 50 samples related to banking. In my research most of the people are female or less are males. And more the peoples are students and many of salaried or retired. I am done CKYC (Central Know Your Customer) process in bank in last 2 months of internship period. I have seen many ups and downs in the bank. And the staffs are easily handling those situations and face the problems and then give the solutions. So, in that data I am taking responses related to investment i.e. how frequently they visit the bank. Then how’s banking staff treat you while offering the services. And which sector do you prefer for investment. And what is the main reason why you invest. And if you invest in FD then what was the period you prefer for investing. And also, the reason behind investing etc. so many responses I received that are mention in above data or below in that questionnaire.

## **XI. DIFFERENCE BETWEEN TYPE OF KYC’S?**

1. Know your customer is manual process where physical presence is required.
2. Electronic KYC is online process where documents are digitally verified.
3. Central know your customer is online process where one time KYC is verified with the multiple financial institution.

## **XII. FUTURE SCOPE -**

Based on the above literature review, where the majority of the literature we found has focused more on general opportunities it is suggested that more research should be conducted in AI in recruitment as it is a

recent topic that has shown many promises and prospects

Investigate the potential of integrating blockchain technology into CKYC processes. Explore how distributed ledger technology can enhance security, transparency, and interoperability across financial institutions.

Investigate the concept of decentralized identity management and its applicability to CKYC. Explore how individuals can have greater control over their personal data while still meeting regulatory requirements.

## **SCOPE OF THE POLICY**

To prevent the Bank from being used by criminal elements for money laundering activities. To understand the customer and their financial dealings to manage their risks prudently.

## **KEY ELEMENTS OF THE KYC POLICY**

### **1. Customer Acceptance Policy**

The objectives of Customer Acceptance Policy are:

- To ensure that no account is opened in anonymous or fictitious benami name(s).
- To ensure the correct local residential address and native place address / location of the customer and his clients and verification thereof.
- To ensure that identity/legal existence of each new customer is established before accepting customer.
- To ensure that the person is not engaged in suspicious activities and the account is not used for money laundering activities.

### **2. Customer Identification Procedure**

Customer identification means identifying the customer and verifying his / her identity by using reliable, independent source documents, data or information. Being satisfied means that the institution must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place.

Residential Address Proof Correct permanent address should be ensured by obtaining any one document (i) Telephone Bill (ii) Bank Account Statement (iii) Letter from any recognized public authority (iv) Electricity Bill (v) Ration Card / Voter's ID

### **3. Monitoring of Transactions**

Large credit entries by way of deposit of Cheques/Demand Drafts etc. particularly in should be watched carefully. It is necessary to be vigilant at the time of opening of accounts especially if such accounts are opened around or after the date of instruments viz. dividend warrants, interest warrants

### **4. Risk Management**

All customer accounts should be categorized in Level I (Low Risk), Level II (Medium Risk), Level III (High Risk) and Level IV (Politically Exposed persons).

### XIII. CONCLUSION –

CKYC is convenient way to regulate the financial institution its simply verify customer identity to reduce Anti money laundry activities and frauds in India. CKYC represents a significant leap forward in enhancing the security, efficiency, and compliance standards within the financial Institute in India.

A very careful and robust process of investigation over and above (KYC) procedures, that seeks with reasonable assurance to verify and validate the customer's identity, understand and test the customer's profile, business and account activity, identify relevant adverse information and risk assess the potential for money laundering and / or terrorist financing to support actionable decisions to mitigate against financial, regulatory and reputational risk and ensure regulatory compliance.

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### WEBSITES –

Central KYC Registry (CKYCR): Central KYC Registry (CKYCR) - Frequently Asked Questions - Information about CKYCR, a centralized repository of KYC records, maintained by Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI).

G.P Parsik Bank's official website and annual reports may provide insights into their specific CKYC processes and policies.

### BOOKS –

"Banking Regulation Act" by Taxmann: Author: Taxmann This book provides insights into the legal framework governing banks in India, including KYC regulations.

"Banking and Financial Services in India" by Bhole L.M.: Author: Bhole L. M. This book provides a comprehensive overview of banking and financial services in India, which includes discussions on KYC practice.