



Department of Economics

POORNAPRAJNA COLLEGE UDUPI

Phone Banking



Customer can dial up the bank's designated telephone number & by dialing his ID Number, he will be able to get connectivity to bank's designated computer. Software provided in the computer will be interactive with the customer, asking him to dial the code number of services required by him, and suitably answers him.

Electronic Payment system



- ▶ National Electronic Fund Transfer
- ▶ Electronic clearing system
- ▶ Real time gross settlement system
- ▶ Internet Banking

Know Your Customer Norms



RBI advised banks to exercise due diligence in understanding the customer and the nature of their business through a new concept KYC

Objectives



- ▶ Identity
- ▶ Weed out bad customer
- ▶ To ensure clean banking operation
- ▶ No slippage



- ▶ Prevent misuse
- ▶ Detailed information
- ▶ Specimen signature

Key Elements



1. Customer Acceptance Policy

- i. No account opened in anonymous name
- ii. Parameters of risk perception
- iii. Documents be collected on perceiving risk



- i. Not to open/close an existing account without customer due diligence measures
- ii. Circumstances be clearly spelt out
- iii. Necessary checks be carried

2. Customer Identification Procedure

- Verify legal status
- Verify authorised person
- Understand the ownership and control structure





3. Monitoring of Transactions

4. Risk Management

- Device the procedures
- Anti-money laundering measures
- Audit machinery
- Concurrent/Internal Auditors

Anti- Money laundering Measures



Meaning of Money Laundering

Acquiring, owning, possession or transferring any proceeds of money of crime or knowingly entering into any transaction related to proceeds of crime either directly or indirectly or concealing or aiding in the concealment of proceeds or gains of crime within or outside India.



Process whereby the proceeds of crime such as drug trafficking, smuggling etc. are converted into legitimate money through a series of financial transaction, making it impossible to trace back the origin of the funds.

Objectives of the policy on money laundering



To prevent criminal elements from using bank for money laundering activities by enabling banks to know the customers and their financial dealings better.

Legislation

On the recommendation of UN, GOI enacted Prevention of Money Laundering Act in December 2002.

Obligations of the bank:

1. Maintenance of records
2. Preserve records
3. Report information



Banking Ombudsman



A quasi judicial authority created pursuant to a decision made by GOI to enable resolution of complaints of customers of banks relating to certain services rendered by banks.



- Introduced in 1995, revised in 2002

- Operative from 1 January 2006

A senior official appointed by RBI handle & redress customer complaints against deficiency in certain banking services