

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1926  
ANSWERED ON:26.07.2002  
RIGIDITY IN OPENING BANK ACCOUNT  
CHADA SURESH REDDY;SUKENDER REDDY GUTHA

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the financial background of bank customer and customer profile is to be made mandatory before allowing a bank account to be opened by a customer;
- (b) if so, the details thereof alongwith the reasons therefor; and
- (c) the other changes proposed by RBI in respect of private and personal banking ?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT G. GEETE)

(a), (b) & (c):- Reserve Bank of India (RBI) has reported that banks have been advised from time to time to adhere to the prescribed norms and safeguards while opening accounts and to put in place systems and procedures to help control financial frauds. RBI has instructed banks to be vigilant while opening accounts for new customers. In the light of recent developments, these instructions are being reiterated with a view to safeguarding the banking sector from being unwittingly used for the transfer or deposit of funds derived from criminal activities, (both in respect of deposit and borrowal accounts) or for financing terrorist activities. Banks are, therefore, being advised by RBI to obtain information about a customer such as source of funds, income and assets and nature and extent of the customer's expected use of the products and services of the bank at the time of opening an account to prepare a `customer profile`. At the same time, banks are required to ensure that there is no harassment of customers and the customer acceptance policy does not become restrictive in nature leading to denial of access to the general public for banking services.