20 True or False

Decide, then check the answer and reason below each statement.

Question 1

The Prevention of Money Laundering Act, 2002 is the legal basis for KYC norms in Indian banks.

TRUE

PMLA, 2002 and its rules, operationalised via the RBI Master Direction, form the legal foundation of KYC in India.

Question 2

The RBI's KYC framework is set out in its Master Direction on Know Your Customer.

TRUE

The RBI Master Direction on KYC lays down the detailed procedures banks must follow.

Question 3

Banks may open accounts in fictitious names as long as the customer completes KYC later.

FALSE

The Customer Acceptance Policy bars anonymous or benami accounts and accounts in fictitious names from the outset.

Question 4

Customer Due Diligence includes identifying the beneficial owner behind a corporate account.

TRUE

CDD requires identifying the natural person who ultimately owns or controls a company, trust or partnership.

Question 5

Low-risk customers typically require KYC updation only once every ten years.

TRUE

Periodic updation intervals are risk-based, with ten years being the typical interval for low-risk customers.

Question 6

High-risk customers typically require KYC updation only once every twenty years.

FALSE

High-risk customers typically need updation every two years, the shortest of the risk-based intervals.

Question 7

Politically Exposed Persons are automatically classified as low-risk customers.

FALSE

PEPs are treated as high-risk and attract Enhanced Due Diligence with senior-management approval.

Question 8

Aadhaar, passport, driving licence and Voter ID are examples of Officially Valid Documents.

TRUE

These are among the OVDs recognised under KYC norms for identity and address proof.

Question 9

Aadhaar-based e-KYC can be carried out without the customer's consent.

FALSE

e-KYC using Aadhaar-based authentication requires the customer's explicit consent.

Question 10

Video-based Customer Identification Process (V-CIP) lets a bank verify identity without an in-person branch visit.

TRUE

V-CIP is a digital onboarding method that verifies customers remotely over video.

Question 11

The Central KYC Records Registry exists to make customers resubmit KYC documents at every new bank.

FALSE

CKYCR is meant to reduce paperwork and duplication by storing KYC records centrally.

Question 12

Suspicious Transaction Reports must be filed only when the transaction exceeds ten lakh rupees.

FALSE

STRs are filed whenever activity appears inconsistent with a customer's profile, regardless of amount; the ten-lakh threshold applies to CTRs.

Question 13

Cash Transaction Reports are filed for cash transactions above the prescribed threshold in a month.

TRUE

CTRs cover cash transactions above the prescribed monthly threshold, commonly cited as ten lakh rupees.

Question 14

Reporting entities send CTRs and STRs to the Financial Intelligence Unit-India.

TRUE

FIU-IND is the designated agency that receives and analyses these prescribed reports.

Question 15

Banks must preserve KYC and transaction records for a minimum of five years.

TRUE

Records must be kept for at least five years from the transaction date or end of the relationship.

Question 16

Informing a customer that an STR has been filed against them is a normal courtesy banks must extend.

FALSE

Tipping off a customer about a filed STR is itself an offence, not a courtesy.

Question 17

A Small Account can be opened with relaxed documentation subject to defined limits.

TRUE

Small Accounts allow low-value banking access with simplified KYC documentation within prescribed limits.

Question 18

PAN is generally required for tax-related and higher-value transactions under KYC norms.

TRUE

PAN is typically sought alongside OVDs for tax-linked and higher-value account activity.

Question 19

The Banking Regulation Act, 1949 has no connection to RBI's authority over KYC compliance.

FALSE

The Banking Regulation Act, 1949 gives RBI the supervisory authority to enforce KYC standards on banks.

Question 20

Ongoing monitoring under KYC norms is a one-time exercise done only at account opening.

FALSE

Ongoing monitoring is a continuous obligation that runs through the entire life of the account.