20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **The Prevention of Money Laundering Act (PMLA) was enacted in 2002 and came into force on 1 July 2005.**
PMLA is India's principal anti-money-laundering law, administered through the Enforcement Directorate.

2. **FIU-IND (Financial Intelligence Unit-India) is the national agency that receives, processes and shares STRs and CTRs.**
FIU-IND functions under the Department of Revenue, Ministry of Finance, not under RBI.

3. **Banks must file a Cash Transaction Report (CTR) with FIU-IND for cash transactions of Rs 10 lakh and above in a month.**
CTR reporting flags large cash movements so they can be screened for money-laundering risk.

4. **A Suspicious Transaction Report (STR) must be filed with FIU-IND regardless of the transaction amount.**
Suspicion of money laundering or terror financing triggers an STR, not a fixed monetary threshold.

5. **Banks must preserve customer identification and transaction records for a minimum of five years.**
PMLA Rules require five-year retention counted from the transaction date or end of the relationship.

6 **FATF, the Financial Action Task Force, was set up in 1989 as the global standard-setter for AML and CFT.**
FATF issues Recommendations that member countries implement into their domestic AML/CFT laws.

7 **The FATF standards are commonly known as the FATF 40 Recommendations.**
They cover legal, institutional and preventive measures against money laundering and terrorist financing.

8 **Money laundering classically occurs in three stages: placement, layering and integration.**
Dirty money enters the system, is obscured through transfers, then re-enters as apparently clean funds.

9 **The four pillars of KYC policy are Customer Acceptance Policy, Customer Identification Procedure, Monitoring of Transactions and Risk Management.**
RBI built its KYC framework on these four elements, following FATF recommendations.

10 **Politically Exposed Persons (PEPs) require Enhanced Due Diligence (EDD) from banks.**
PEPs carry higher money-laundering risk owing to the public office and influence they hold.

11 **Customer Due Diligence is applied on a risk basis: enhanced for high-risk customers, simplified for low-risk ones.**
Risk-based KYC lets banks apply due diligence proportionate to the customer's risk category.

12 **RBI's KYC Master Direction is issued under Section 35A of the Banking Regulation Act, 1949.**

This section empowers RBI to issue binding directions to banks in the public interest.

13 **Under RBI's risk-based approach, high-risk customer KYC details must be re-verified more frequently than low-risk ones.**

Periodic updation intervals are shorter for higher-risk accounts to keep monitoring current.

14 **Banks must identify the 'beneficial owner' behind a customer, particularly for companies, partnerships and trusts.**

This stops natural persons from hiding behind corporate structures to launder money.

15 **RBI permits Video-based Customer Identification Process (V-CIP) as a digital alternative to in-person KYC.**

V-CIP lets a bank official complete KYC remotely through a live video interaction.

16 **Banks must file a Counterfeit Currency Report (CCR) with FIU-IND on detecting fake currency notes.**

CCR is a mandatory report distinct from the CTR and STR under the PMLA reporting framework.

17 **Banks are prohibited from opening or maintaining accounts in anonymous or fictitious names.**
This is a core requirement of the Customer Acceptance Policy pillar of KYC.

18 **Section 3 of the PMLA defines and criminalises the offence of money laundering.**
It covers concealment, possession, acquisition or use of proceeds of crime as untainted property.

19 **India became a full member of the FATF in 2010.**
Membership committed India to implementing FATF's AML/CFT standards in domestic law.

20 **Combating the Financing of Terrorism (CFT) works alongside AML to stop funds from reaching terrorist activities.**
CFT and AML together form the compliance backbone banks must follow under PMLA and RBI norms.