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## KYC & AML POLICY

InPrime Finserv – KYC & AML policy

**Version Control:**

Version #	Date	Addition/Modification	Made By	Approved by	Approval date
1.0	10-06-2023	Preparation of the policy	Manish Raj	Board of Directors	15-06-2023

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## Background:

InPrime Finserv (InP) is a financial services institution, NBFC operating in the dynamic & ever-evolving landscape of the Indian financial sector. InP recognizes the critical importance of implementing robust Know Your Customer (KYC) and Anti Money Laundering (AML) procedures in accordance with the guidelines and directives issued by the Reserve Bank of India (RBI).

## Objectives:

The objective of RBI guidelines is to prevent InP from being used, intentionally or unintentionally by criminal elements for money laundering activities. KYC procedures also enable InP to know/understand its customers and their financial dealings better which in turn help manage the risks prudently. The prime objectives of this policy are:

1. To clearly establish the identity of our customers.
2. To assess and understand the nature of our customers' activities and the source of their funds.
3. To mitigate the risk of money laundering, terrorism financing, and other illicit activities.
4. To ensure compliance with all applicable laws and regulations.

## Customer Identification and Verification:

### *Customer acceptance:*

- InP will establish relationships with individuals and/or entities of Indian Origin only, whose identity and purpose can be reasonably verified. InP shall insist on sufficient proof about the identity of the customer to ensure his/her physical and legal existence at the time of accepting the loan application form from the customer.
- InP shall only onboard and serve customers who have the Indian citizenship and are residing in India.
- Documentation requirements and other information collected with respect to different types of customers basis the perceived risk will be as per the PML Act 2002 and guidelines issued from time to time.
- InP will not maintain anonymous or pseudonymous accounts.
- All relevant customer details shall be captured in the Application Form and supporting documents collected as part of the customer identification process / KYC.

### *Customer Identification:*

InP shall make comprehensive efforts to verify the identity of its customers through various modes inclusive of documents, information sources and approved modes of digital validations.

- InP shall onboard every new customer through a physical visit. InP will have feet on street who will visit each customer In-person and conduct necessary checks for onboarding.
- The Relationship Officers of InP shall conduct house visits and capture all the profile details and verify the original KYC documents.
- The supervisory staff will ensure appraisal of each case through personal visits to the business place (as applicable) and also confirm all the profile details captured
- If the customer is onboarded manually by the staff of InP, post verification of all the required KYC documents, self-attested copies of the KYC documents are collected by the staff.
- If the customer is onboarded digitally through InP's application manned by the staff, live photograph of the customer is captured along with pictures of the original KYC documents. The KYC documents are also validated digitally with respective issuing agencies.

*Customer Due Diligence:*

The following is the KYC policy and process that InP has adopted:

<b>Policy</b>	<b>Details</b>	
Acceptable Identity Proof (Officially Valid Document – OVD)	<ol style="list-style-type: none"> <li>1. Aadhaar Card (UID)</li> <li>2. PAN Card</li> <li>3. Voter’s Identity Card issued by Election Commission of India (VID)</li> <li>4. Driving License</li> <li>5. Passport</li> <li>6. Job card issued by NREGA duly signed by an officer of the state government</li> <li>7. Letter issued by the National Population Register</li> </ol>	
Acceptable Address Proof (Deemed OVD list)	<p>Where the OVD furnished by the customer does not carry the updated address, the following or equivalent documents shall be deemed to be OVDs for the limited purpose of proof of address:</p> <ol style="list-style-type: none"> <li>1. Utility bill which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, gas and piped gas, water bill)</li> <li>2. Property or Municipal tax receipt</li> <li>3. Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings, if they contain the address</li> <li>4. Letter of allotment of accommodation from employer issued by State Government or Central Government Departments, statutory or regulatory bodies, public sector undertakings, scheduled commercial banks, financial institutions and listed companies and leave and license agreements with such employers allotting official accommodation.</li> </ol>	
Deemed OVD	The customer shall submit OVD with current address within a period of 3 months of submitting the documents as specified above (Refer Deemed OVD list)	
Validity period of Identity Proof	OVDs which carry information on its end date of validity will be considered as valid as long as it has not crossed its “valid till date”	
	<b>Borrower</b>	<b>Co-Borrower</b>
OVD Submission	Atleast 2 OVDs <ol style="list-style-type: none"> <li>1. Preferably PAN and UID/VID</li> <li>2. If PAN is not available, UID &amp; VID along with Form 60</li> </ol>	Minimum 1 OVD <ol style="list-style-type: none"> <li>1. Preferably PAN wherever available</li> <li>2. If PAN is not available, UID/VID along with Form 60</li> </ol>
KYC Collection & Process	All KYC documents shall be collected during physical visit and original seen and verified by the field staff  Where, the customer is onboarded through the App, the RO shall capture a live photograph of the customer and also pictures of the original KYC documents.	

	Additional validations shall be carried out through Karza platform to confirm the identity and minimize any identity theft/frauds for each case.
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- InP shall not open a loan account where it is unable to apply appropriate customer due diligence measures.
- Necessary checks/ enhanced due diligence shall be conducted before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities such as individual terrorists or terrorist organizations etc.
- InP shall verify the beneficiary owner/Customer or promoter of Borrower Entity is Politically Exposed Person (PEP) based on data available in public domain to the extent possible. In this regard, InP shall obtain the declaration about PEP at the time of KYC compliance and conduct enhanced due diligence and periodic monitoring.

#### *Record Keeping:*

- InP shall prepare a profile for each new customer during the credit appraisal as mentioned in this policy. The customer profile shall contain information relating to the customer's identity, social/financial status, nature of business activity, information about his/her business and their location, etc. The nature and extent of due diligence will depend on the risk perceived by InP.
- The customer profile will be a confidential document and details contained therein shall not be divulged for cross selling or for any other purposes (except for mandatory reporting purposes such as – reporting to Credit Information companies).

#### *Risk Assessment and Monitoring:*

- InP shall devise procedures for creating Risk Profiles of both existing as well as new customers. Customers will be categorized into low, medium, or high-risk categories based on their profile and business activities.
- InP shall also apply various Anti Money Laundering measures keeping in view the risks involved in a transaction, account or business relationship.
- Periodic review of customer profiles will be conducted to ensure compliance with RBI guidelines.
- Any suspicious transactions or activities will be reported to the appropriate authorities as per the requirements of the law and RBI.

#### *Risk Management:*

InP shall categorize customers into low, medium and high risk based on their profile. The risk categorization shall be done basis the credit appraisal - customer's background and profile, nature of business activity or livelihood, financial status, geographical risk if any. An indicative list for guidance is provided in Annexure 1

InP caters to the loan requirement of the informal segment, generally belonging to lower economic strata of the society whose bank accounts show small balances and low turnover, majority of them have limited access to formal credit products and thus these customers as per the guidelines are principally Low Risk.

## Customer Awareness and Employee Training:

This policy along with relevant information shall be hosted on InP's website i.e. [www.inprime.in](http://www.inprime.in) to educate the customer of the objectives of the KYC & AML policies adopted. While dealing with customers, the staff of InP shall take special care in obtaining required information from them.

InP staff will receive regular training on KYC procedures and the identification of suspicious transactions. And they shall be adequately trained in KYC/ AML procedures. The Training requirements shall have different focuses for frontline staff dealing directly with customers and other backend staff dealing with backend operations.

## Updation in KYC and AML Policy:

This Policy shall be amended/modified to be in line with RBI and any relevant statutory authority as deemed necessary.

## Reference to RBI circulars:

1. Master Circular – 'Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) - 'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder' Released on February 25 2016
2. Master Direction - Know Your Customer (KYC) Direction, 2016 (Updated as on May 04, 2023)

## Annexure 1:

Indicative list for Risk categorisation Low, Medium and High Customers

Customers that are likely to pose a higher-than-average risk may be categorised as Medium Risk or High Risk depending upon customer's background, Occupation, sources of funds etc.

### **Some of the examples of High-risk customers are:**

1. Politically exposed customers of Indian/Foreign origin
2. People dealing in bullion /Foreign Exchange, Jewellers,
3. Speculation business/ Lottery firms
4. Property dealers
5. Customers dealing with Arms and Ammunition
6. Customers with negative/dubious reputation as per the extant of public information available
7. Tobacco manufacturers
8. Notaries
9. Money lenders/ Chit fund Operators/Pawn brokers
10. Money transfer agents
11. Trade Unions/ Membership organisations
12. Customers tagged as High net worth individuals
13. Business Correspondent/ Agents
14. Chemicals/ Chemical products
15. Multi-level marketing companies
16. Customers in businesses/Industries that engages with Nuclear proliferation activities or explosives
17. Stock brokers, commodity dealers
18. Politicians
19. Police Personnel including Home guards

20. Local Leaders associated with any Party/ NGO/ Unions
21. Activities involving exploitative forms of forced labour/harmful child labour
22. Prostitutes
23. Massage Parlours
24. Gambling, casinos, Lottery and equivalent enterprises
25. Film & TV Actors/ Producers/Directors/ Distributor/ Artists
26. Production or trade in weapons and munitions
27. Production or trade in any product or activity deemed illegal under the laws of government of India or any state government such as banned pharmaceuticals, pesticides/herbicides, ozone depleting substances
28. Religious leaders/ Priests/ Astrologers
29. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals
30. Press Reporters/ Journalists
31. Production or trade in alcoholic beverages - Liquor Vendors/ Bar Owners

**Some of the examples of Medium-risk customers are:**

1. Organisations/Persons receiving donations
2. Close family members as shareholders/Beneficial ownership or companies with Sleeping partners
3. IATA member travel agencies
4. Used automobile sales
5. Pawnshops/ Auctioneers
6. Providers of Telecommunication services/ Internet café, IDD call service, Phone cards, Phone centre (STD/PCO)
7. Scrap material dealers
8. Staff of other Financial Institutions/Designated government employees/ Employees of Aviation/ Tours & Travel/ Hospitality
9. Commission agents
10. Auto Finance
11. Petrol pumps/ Gas station/ Oil & gas/ Refined Petroleum products
12. Transportation and Logistics
13. Car/Boat/Plane dealerships
14. Import/Export, trading houses (Not dealing in Jewel/ Gem/ Precious metals)
15. Lawyers/ Advocates/ Financial & Wealth Advisors/ Chartered Accounts/ Auditors
16. Doctor/ Dietician/ Physiotherapist
17. Social Workers/ NGO Workers
18. Consultants – Manpower, Placement, labour contractors

**Some examples of Low-risk customers are:**

1. Individuals /Entities whose identities and sources of wealth can be easily identified and transactions whose by and large confirm to the known profile.
2. Housewives, Agriculturists, Pensioners or benefit partners whose income originates from their partner's income
3. People belonging to Lower economic strata of the society whose accounts show small balances and low turnover
4. Entities dealing in Agriculture and allied industries
5. Hospitals/Clinics/ Nursing homes



6. Consumer durables
7. Auto Parts
8. Medical shops/Pharmaceuticals
9. Live stocks/ Fisheries/ Poultry
10. Dealers of Sports Goods/ Games and Toys
11. Fertilisers/ Seeds/ Pesticides
12. Medical/ Healthcare
13. Courier/ Cargo
14. Home appliances
15. Musical instruments
16. Footwear
17. Rubber/ Plastic Products
18. Photography
19. Veterinary activities
20. Art/ Entertainment/ Recreational activities
21. Security services
22. Warehousing/ Storage
23. Medical and Dental instruments
24. Water treatment and Supply
25. Advertising agencies
26. Engineering/ Capital Goods

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