



## **CREDITACCESS GRAMEEN LIMITED**

### **POLICY ON KNOW YOUR CUSTOMER (KYC), ANTI-MONEYLAUNDERING (AML) AND COUNTERING FINANCING OF TERRORISM (CFT)**

### Revision History

<b>Version</b>	<b>Author</b>	<b>Description of Changes</b>	<b>Release Date</b>
1	Chief Audit Officer (CAO) / Chief Compliance Officer (CCO)	First version	April 1, 2017
2	Chief Audit Officer (CAO)/ Chief Compliance Officer (CCO)	(a) Inclusion of definitions section (b) Prescribing procedures & steps to be followed on identification of PEPs, High-Risk customers, etc. (c) Screening of Prohibited list of individuals/entities	June 25, 2021
3	Chief Audit Officer (CAO) / Chief Compliance Officer (CCO)	(a) Obtaining voluntary consent from customer for authentication / offline verification as required under RBI Directions read with the Aadhaar Act,2016 & PML Act, 2002 & Regulations made thereunder.	Dec 21, 2021
4	Chief Audit Officer (CAO) / Chief Compliance Officer (CCO)	Amendment made to Scope and insertion of new clause "Record Keeping"	March 23, 2022
5	Chief Audit Officer (CAO) & Chief Compliance Officer (CCO)	(a) Revised based on amendment to Master Direction (MD) on KYC by RBI dated April 28, 2023 and May 04, 2023 (b) Incorporated relevant provisions of PFRDA Circular on KYC/AML/CFT	July 21, 2023
5	Chief Audit Officer (CAO) & Chief Compliance Officer (CCO)	Re-adoption	April 01, 2024
6	Chief Compliance Officer	(a) Removal of point (i) and (ii) where link to ISIL (Da'esh) & Al-Qaeda Sanctions List and Taliban Sanctions List are given.  Frequent updates in these lists by MHA are captured and are available in RBI's KYC Master Direction. So, it is proposed to give reference to RBI's KYC MD instead of giving the link directly in our policy  (b) 'Chief Audit Officer' under point (vi) being revised to 'Chief Audit Officer/ Head – Internal Audit' and newly added point – (viii) Principal Officer	Oct. 25, 2024
7	Chief Compliance Officer	Updation of 'Para 13' on 'Principal Officer' to align it with extant, applicable RBI Regulations	Jan. 24, 2025

8	Haridarshini. A, Principal Officer	Revised to align with the Master Direction (MD) on KYC by RBI dated November 28, 2025. Language alignment & structuring across the policy document for improved clarity, consistency, and readability	April 16 2026
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**Version Control**

<b>Version</b>	<b>Author</b>	<b>Reviewed by</b>	<b>Approved by</b>
1	CAO / CCO	MD & CEO	Board of Directors
2	CAO / CCO	MD & CEO	Board of Directors
3	CAO / CCO	MD & CEO	Board of Directors
4	CAO / CCO	MD & CEO	Board of Directors
5	CAO and CCO	MD & CEO	Board of Directors
5	CAO and CCO	Managing Director	Board of Directors
6	CCO	Managing Director	Board of Directors
7	CCO	Managing Director	Board of Directors
8	Haridarshini. A, Principal Officer	Ganesh Narayanan, MD &CEO	Board of Directors

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## **POLICY ON KNOW YOUR CUSTOMER (KYC), ANTI-MONEY LAUNDERING (AML) AND COUNTERING FINANCING OF TERRORISM (CFT)**

### **1. Introduction:**

CreditAccess Grameen Limited being a Non-Banking Financial Company – Micro Finance Institution (“NBFC-MFI”) registered with RBI, comes under the purview of, as amended from time to time. Further, also being an entity registered as Point of Presence (PoP) to transact in pension schemes under National Pension System as per the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018, is obliged to have Know Your Customer / Anti-Money Laundering / Countering Financing of Terrorism (KYC/AML/CFT) policy.

### **2. Objective:**

The objective of KYC, AML and CFT policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering (ML)/ Terrorist Financing (TF) activities.

### **3. Scope:**

This policy is applicable to various stakeholders including employees and customers of the Company.

### **4. Definitions:**

- (i) “Aadhaar Act, 2016” shall refer to the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, as amended from time to time.
- (ii) “Act” or “Rules” means the Prevention of Money Laundering Act, 2002 and Prevention of Money Laundering (Maintenance of Records) Rules, 2005, and the same shall also be referred to as “PML Act” and “PML Rules”, respectively.
- (iii) “Central KYC Records Registry” (CKYCR) means an entity defined under Rule 2(1) of the Rules, to receive, store, safeguard and retrieve the KYC records in digital form of a customer.
- (iv) “Designated Director” has the same meaning as defined under RBI Directions.
- (v) “Digital KYC” has the same meaning as defined under RBI Directions.
- (vi) “MBDF” means the Member's Basic Data Form
- (vii) “Officially Valid Documents” or “OVDs” means the passport, the driving license, proof of possession of Aadhaar number, the Voter's Identity Card issued by the Election Commission of India, job card issued by NREGA duly signed by an officer of the State Government and letter issued by the National Population Register containing details of name and address, including amendments to RBI Directions, from time to time.
- (viii) “PFRDA Regulations” means the provisions which are applicable to the Company under the Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018, as amended from time to time.

- (ix) "RBI Directions" means provisions which are applicable to the Company under RBI (NBFCs– Know Your Customer) Directions, 2025, as amended from time to time or such other Circulars, Notifications or guidelines issued by RBI from time to time on KYC / AML / CFT requirements.
- (x) "Politically Exposed Persons" (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, including the Heads of States / Governments, senior politicians, senior government / judicial / military officers, senior executives of state-owned corporations and important political party officials.
- (xi) "Principal Officer" has the same meaning as defined under RBI Directions.
- (xii) "Suspicious Transaction" has the same meaning as defined under the RBI Directions.

The phrase customer, client and subscriber are used interchangeably in this Policy, and they shall be considered to have the same meaning, as are assigned to them under respective RBI Directions or PFRDA Regulations.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Act, Rules, PFRDA (Point of Presence) Regulations, 2018 and RBI Directions, as the case may be.

## 5. Risk Categorisation:

The Company shall have a risk-based approach in categorization of customers as below:

- (A) For the purpose of RBI Directions:
  - (i) Customers shall be categorised as low, medium and high-risk category, based on the assessment and risk perception of the Company.
  - (ii) Risk categorisation shall be undertaken based on parameters such customer's identity, social status, financial status, nature of business activity, and information about the clients' business and their location, geographical risk covering customers as well as transactions.
  - (iii) All microfinance customers of the Company will be categorized as low-risk customers for the following reasons:
    - a. All such customers belong to low-income households.
    - b. Their identity, residential addresses and the source(s) of income are verified and are further confirmed through personal visits by Company's officials.
    - c. The customers belong to the lower socio-economic strata with annual household income to be eligible for MFI loans as per RBI guidelines.
  - (iv) Borrowers under RF will be classified into different risk category based on their profile. Customers if reclassified as Medium Risk/ High Risk post onboarding, such classification shall be documented with proper justification and approval.
  - (v) Bi-annual review of AML risk categorization of the borrower accounts shall be undertaken.

During the customer acceptance process, the Company shall verify and capture details of the customer's identity including address, social status, financial status, nature of business etc. Further,

the risk categorization of a customer and the specific reasons for such categorization will be kept confidential and will not be revealed to the customer to avoid tipping off.

(B) For the purpose of PFRDA Regulations:

- (i) Subscriber's risk profile for accounts under pension schemes regulated/ administered by PFRDA shall be categorized as lower risk, moderate risk and higher risk.
- (ii) Risk categorization shall be undertaken based on whether contribution is mandatory contribution, voluntary with low contribution, contribution on voluntary basis, contributions which are a withdrawable account.
- (iii) In addition to the above, the nature of accounts, source and mode of contribution, regularity in the flow of contribution, withdrawals, residence status of the subscriber, Politically Exposed Person shall also be considered while assessing the risk profile of the subscribers.

Considering the customer profile, the low-ticket size of the loans offered by the Company, low contribution on voluntary basis by the PFRDA subscribers and based on the definition of PEPs, there are remote chances of PEPs applying for the loan facilities offered by the Company. Accordingly, screening of applicants against PEPs may not be applicable to the Company. However, if the existing customer subsequently becomes a PEP, then the Senior Management shall approve such customers to continue the business relationship with the Company.

## **6. Know Your Customer (KYC)/Anti-Money Laundering (AML) / Countering Financing of Terrorism (CFT) Norms:**

Although the prospective customers of the Company are from the lower economic strata of society and hence, they are treated as low-risk clients, the Company is required to ensure overall compliance with RBI Directions and PFRDA Regulations relating to KYC/AML/CFT requirements. The Company shall ensure compliance with all provisions relating to Client Due Diligence as made applicable from time to time under the Act, Rules, RBI Directions and the PFRDA Regulations.

## **7. Customer Acceptance & Identification Procedure:**

### **(a) General:**

As required under the RBI Directions and PFRDA Regulations, the Company shall ensure compliance with the following processes regarding customer identification and acceptance in accordance with the applicable provisions of Aadhaar Act, 2016 and Regulations made thereunder with respect to authentication, offline verification, digital KYC, Video Based Customer Identification Process (VCIP), KYC Identifier allotted by the CKYCR or such other forms of verification of Aadhaar number or such other permissible OVDs, as may be made permissible to the Company, from time to time.

As part of the customer acceptance process, branches need to procure the following documents:

- (i) Photograph of customer along with spouse, if applicable.
- (ii) Prescribed KYC documents of the customer, provided the customer voluntarily provides his/her Aadhaar number, wherever applicable, either in physical or electronic form, for authentication or offline verification, digital KYC, Video Based Customer Identification Process (VCIP), KYC Identifier allotted by the CKYCR, or in such other form or in such manner as may be specified by the Regulations under the Aadhaar Act, 2016, as amended from time to time, as detailed below:

A digital / photocopy of any one of the following photo IDs:

**First Preference:**

- Proof of possession of Aadhaar Number
- Voters ID

**Others:**

- Driving License
- Passport
- Job card issued by NREGA duly signed by an officer of the State Government
- Letter issued by the National Population Register containing details of name and address.

A copy of any one of the following documents as address proof:

- Aadhaar Card
- Voter ID
- Driving License
- Passport
- Job card issued by NREGA duly signed by an officer of the State Government
- Letter issued by the National Population Register containing details of name and address.

Where the above documents furnished by the customer do not have updated current address, the following documents may be collected for the limited purpose of proof of address: -

- Utility bill, which is not more than two months old of any service provider (electricity, telephone, post-paid mobile phone, piped gas, water bill).
- Property or Municipal tax receipt.
- Pension or family pension payment orders (PPOs) issued to retired employees by Government Departments or Public Sector Undertakings if they contain the address.
- 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.

The customer should submit the updated KYC documents with current address within a period of three months of submitting the documents specified above.

- (i) Both Photo ID and address proof should be verified with the original and a digital image of the same should be captured by the Kendra Manager ("KM") in respective digital applications
- (ii) In case digital copies are obtained, the company official should submit an undertaking after verifying with the original and affixing the branch seal. The undertaking should be signed by the customer as well.
- (iii) In case photocopies are obtained, both photo ID and address proof (photocopies) should be signed by the customer as self-attestation. Further it should be duly attested by the company official after verifying with the original and affixing the branch seal.
- (iv) The Photo ID and Age proof are to be collected for spouse of the customer. This must be taken at the time of enrolment of new customers.
- (v) In all cases where the Company has already obtained valid KYC documents from the customers, there is no need to obtain fresh set of documents from them if there is no change in it, while giving fresh/repeat loans. However, the KYC documents once submitted will remain valid for a period of ten (10) years in case of low-risk customers and five (5) years in case of medium risk customers, from the date of opening of the account/ last KYC updation, and the concerned branch needs to take fresh set of KYC documents within ten (10)/ five (5) years' period, even though there is no change in customer's KYC status for the 'low risk' and 'medium risk' customers respectively. The KYC documents may be collected along with the loan applications or otherwise. In the case of customers categorized as high risk, a fresh set of KYC documents shall be obtained once in every two (2) years.
- (vi) The Company shall ensure providing advanced intimations and subsequent reminders to customers for the periodic updation of KYC, through available communication channels, in accordance with applicable regulatory guidelines, and shall maintain appropriate records of such communications for audit purposes.
- (vii) For individual customers availing loans under Retail Financing, the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962 shall be obtained.

**(b) Enhanced due diligence of customers:**

The Company shall conduct ongoing due diligence and transaction monitoring for all GL and RF customers, irrespective of their risk category. In cases where any of the customers are found to be Medium/High-Risk, then the Company shall carry out enhanced due diligence procedures prescribed under applicable RBI Directions/ PFRDA Regulations to gather sufficient information including information about the changes in nature of activity, sources of funds etc.

In addition, the Company shall ensure following measures with respect to "High Risk" customers:

- (i) The identity of the person should have been verified before accepting him/her as a customer.
- (ii) The decision to open an account is taken at a senior level in accordance with the Customer Acceptance guidelines.
- (iii) All such accounts are subjected to enhanced monitoring on an on-going basis.
- (iv) In the event of an existing customer subsequently categorised as "High-Risk", senior management's approval is obtained to continue the business relationship.

(v) Enhanced monitoring on an on-going basis.

## **8. Prohibited List of Individuals/Entities:**

In terms of Section 51A of Unlawful Activities (Prevention)(UAPA) Act, 1967 and Section 12A of Weapons of Mass Destruction (WMD) and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 (WMD Act, 2005), including amendments thereto from time to time, the Company will ensure that it does not have any account in the name of individuals/entities appearing in the list of individual and entities, suspected of having terrorist links, which are approved by and periodically circulated by the United Nations Security Council (UNSC) and by the Ministry of Finance, Government of India respectively as are provided/ updated by the RBI and such other list as may be required by the lenders from time to time.

Further, the Company will verify the UNSCR 1718 Sanctions List of Designated Individuals and Entities, as available at <https://www.mea.gov.in/Implementation-of-UNSC-Sanctions-DPRK.htm> to ensure compliance with the 'Implementation of Security Council Resolution on Democratic People's Republic of Korea Order, 2017', as amended from time to time by the Central Government.

Further, the Company's customers are monitored periodically by screening them against the lists provided under RBI Directions and PFRDA Regulations, as amended from time to time.

Pursuant to the above screening, if any of the accounts of customers of individuals are categorised as 'High-Risk', then the Company shall follow the enhanced due diligence procedures prescribed under RBI Directions & PFRDA Regulations, apart from reporting to FIU-IND and advising the Ministry of Home Affairs, Government of India. The details of such accounts shall be provided to the following (the 'Senior Management' for the purpose of this Policy) for necessary action.

- (i) Principal Officer.
- (ii) Managing Director & Chief Executive Officer
- (iii) Chief Operating Officer
- (iv) Chief Financial Officer
- (v) Chief Technology Officer & Chief Information & Security Officer.
- (vi) Chief Compliance Officer, and
- (vii) Chief Audit Officer/ Head – Internal Audit
- (viii) Chief Risk Officer

Any exceptional processing shall be approved by Chief Risk Officer and Chief Operating Officer.

## **9. Data Secrecy, Sharing of Information and Record Keeping:**

The Customer information and documents, in both electronic and physical form, will be stored and recorded in a secure and confidential manner. Such information/documents will not be readily accessible to branch personnel. Access will be provided only with the prior approval from the Head of the Department concerned, along with proper justification. The records shall be maintained for a period of eight years from the date of cessation of the transaction. Records will

be maintained in a manner which facilitates its easy retrieval as and when required.

#### **10. Periodic Review and Assessment, Compliance Monitoring, Risk Management:**

Internal Audit department will periodically evaluate and assess adherence to the prescribed processes and procedures with respect to KYC/AML/CFT requirements, unusual and potentially suspicious activities covering financial transactions with customers and other third parties.

The Internal Audit department would also provide an independent evaluation of compliance with the applicable RBI Directions, Act, the Rules and the PFRDA Regulations. Internal Audit would verify the application of KYC/AML/CFT procedures at the branches during every Branch/Regional Processing Centre audit and comment on the lapses observed in this regard.

The Internal Audit department may also take the help of external agencies, wherever required, to assess, monitor, evaluate and report any suspicious transactions relating to KYC/AML/CFT requirements, high-risk individuals/entities, PEPs, or such other prohibited individuals/entities from time to time, with the prior approval of Managing Director and/or CEO of the Company.

The compliance in this regard shall be put up before the Audit Committee of the Board on quarterly basis.

#### **11. Hiring of Employees and Employee Training:**

The Company shall, as an integral part of its personnel recruitment/ hiring process, ensure for adequate screening of individuals while hiring of employees. The basic training undertaken for each new loan officer and regular refresher training conducted at branches would ensure that field staff are adequately trained in KYC, AML and CFT procedures. Management will review the training adequacy at regular intervals so as to ensure that training is different for frontline staff, compliance staff and staff dealing with new customers

#### **12. Customer Education:**

Customers would be trained in the necessity and importance of KYC documents during Compulsory Group Training. Apart from these, regular awareness activities shall be undertaken through Kendra Announcements, Jagruthi Campaign etc.

#### **13. Designated Director:**

To ensure compliance with the obligations under the Act and Rules, the Company shall nominate a Director on their Boards as "Designated Director".

The name, designation, address and contact details of the Designated Director, including changes thereon, shall be communicated to the FIU-IND, the Reserve Bank of India, the Pension Fund Regulatory and Development Authority (PFRDA) and such other statutory/ regulatory authorities, as may be required from time to time.

#### **14. Principal Officer:**

As required under RBI Directions, the Company shall appoint a senior management officer to be designated as Principal Officer who is located at the Head/Corporate Office of the Company. To discharge his/ her responsibilities, the Principal Officer shall have timely access to all customer identification data and other CDD information, transaction records and other relevant information. The role and responsibilities of the Principal Officer shall include overseeing and ensuring overall compliance with regulatory guidelines on KYC/AML/CFT issued from time to time and obligations under the Act and Rules, as amended from time to time.

The name, designation, address and contact details of the Principal Officer shall be communicated to the FIU- IND, the Reserve Bank of India, the Pension Fund Regulatory and Development Authority (PFRDA) and such other statutory/ regulatory authorities, as may be required from time to time.

#### **15. Filing of Cash Transaction Reports (CTRs) and Suspicious Transaction Report (STRs):**

The Company shall ensure to file CTR and/ or STR with the FIU-IND in respect of the following transactions:

- (i) All cash transactions of the value of more than Rupees Ten Lakh or its equivalent in foreign currency.
- (ii) Series of all cash transactions individually valued below Rupees Ten Lakh, or its equivalent in foreign currency which have taken place within a month and the monthly aggregate which exceeds Rupees Ten Lakh or its equivalent in foreign currency.
- (iii) All cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security has taken place facilitating the transactions.
- (iv) All suspicious transactions whether made in cash and in manner as mentioned in the Act and Rules.

#### **16. CKYC Dissemination and Implementation:**

All regulatory instructions related to Central KYC Records Registry (CKYCR) will be formally disseminated across all locations and business segments wherever applicable for information and necessary implementation.

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