

NB.DOS.HO.POL.1287/J.1-2002/03

Circular No. 80/DoS.9/2003

28 March 2003

**The Managing Director/Chief Executive Officer
All State Co-operative Banks**

Dear Sir,

**Monitoring of accounts - Compliance with
RBI instructions - Cash Transactions**

As you are aware, lack of due diligence in opening accounts without proper verification of the identity of the customer and in subsequent monitoring of the accounts in particular cash withdrawals for large amounts has exposed banks to various risks. Possible use of such funds for terrorist financing, the banks being used as intermediaries for the deposit and transfer of funds derived from criminal activity, cannot be ruled out.

2. We would also like to emphasise in this regard that your bank should ensure that no new accounts are opened by banned organizations. In this connection, your attention is invited to RBI circulars RPCD.No..RF.BC.48/07.38.05/2001-02 dated 24 December 2001, RPCD.RF..BC.91A/07.038.02/2001-02 dated 06 May 2002 and RPCD.RF..BC.28/07.38.01/2002-03 dated 22 October 2002 which have been forwarded to you directly by RBI.

3. You are, therefore, advised to strictly adhere to the extant instructions regarding opening and monitoring of accounts. You are also requested to advise all the DCCBs affiliated to you in the matter. A copy of the letter issued to DCCBs may be forwarded to our Regional Offices for information and record.

4. Please acknowledge receipt of this circular and confirm having issued such instructions for immediate compliance by the branches and Controlling Offices to the local Rural Planning & Credit Department, Reserve Bank of India. Yours faithfully,

Sd/-
(K. Anantharaman)
General Manager
