

Topic-KYC Policy

Q1: For a company, controlling ownership means ownership of/ entitlement to

- A. more than 15 percent of shares of the company
- B. more than 15 percent of capital of the company
- C. more than 15 percent of profits of the company
- D. more than 10 percent of the profits of the company
- E. Either of A, B or C

Answer: D

Q2: Choose the incorrect option. Which of the following is an incorrect category of a 'Person' in context to PMLA Act

- A. An individual, a HUF
- B. A company or a Firm
- C. Only incorporated Association of persons or a body of individuals
- D. Every artificial judicial person, not falling within any one of the before mentioned categories
- E. Any agency, office or branch owned or controlled by any of the persons in PMLA Act is also a Person

Answer: C

Q3: Who cannot certify a copy of original document for the purposed of obtaining certified copies for Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs)

- A. Authorized officials of overseas branches of Scheduled Commercial Banks registered in India
- B. Notary Public Abroad
- C. Court Magistrate or Judge abroad
- D. Any Branch of overseas banks whether or not Indian banks have correspondent banking relationships with them
- E. Indian Embassy/Consulate General in the country where the non-resident customer resides

Answer: D

Q4: Which of the following is not an Officially Valid Document (OVD)

Topic-KYC Policy

- A. Passport
- B. Driving Licence
- C. Proof of possession of Aadhaar number
- D. Voter's identity card issued by the election commission of India
- E. PAN Card

Answer: E

Q5: Which of the following is not one of the four key elements of KYC policy

- A. Customer Acceptance
- B. Risk Management
- C. Customer Identification
- D. Monitoring of Transactions
- E. Customer Rights

Answer: E

Q6: What is the maximum permissible cash transaction in an account in a day beyond which approval from controlling office is required

- A. Rs.5 lac
- B. Rs.15 lac
- C. Rs.10 lac
- D. Rs.20 lac
- E. Rs.25 lac

Answer: C

Q7: Which of the following is not a Low Risk Customer

- A. Government Departments or Government owned companies
- B. Non-Profit Organizations (NPOs)/ Non-Governmental Organizations (NGOs)
- C. Salaried employees
- D. Individuals (other than High Net Worth) whose sources of wealth can be easily identified
- E. Statutory Bodies

Answer: B

Q8: Which of the following is incorrect on Risk Management element of KYC Policy

- A. Categorization of all customer accounts in to “High Risk Category” in cases wherein Suspicious Transaction Report (STR) is filed irrespective of previous risk categorization
- B. Categorization of all customer accounts having “Low Risk Category” in to “Medium Risk Category” wherein Cash Transaction Report (CTR) is filed
- C. Categorization of all customer accounts having “Low Risk Category” in to “High Risk Category” wherein Cash Transaction Report (CTR) is filed
- D. Periodical review of risk categorization of accounts shall be carried out at a periodicity of not less than once in six months
- E. Accounts where actual turnover breaches estimated turnover, and transactions are permitted by Branch Head/Dy. Branch Head, Enhanced Due Diligence and verification of turnover of customer is to be done by the branch

Answer: C

Q9: In which of the following accounts Enhanced Due Diligence may not be applied in the regular course of business

- A. Accounts of Politically Exposed Persons (PEPs) resident outside India
- B. Accounts of Non-Face-to-Face Customers
- C. Client accounts opened by Professional Intermediaries
- D. Accounts of Multi-Level Marketing (MLM) Agencies
- E. Accounts opened under Video KYC using prescribed standards and procedures

Answer: E

Q10: Which of the following is incorrect regarding certain Reports w.r.t KYC-AML policy

- A. Suspicious Transaction Report is to be submitted by branch to Regional Office within 15 days of finding any suspicious transaction
- B. Cash Transaction Report has to be submitted by Central Office to FIU-IND by 15th day of succeeding month
- C. NPO Transaction Report refers to the report of all transactions involving receipt by non-profit organizations exceeding Rs. 10 lakh or its equivalent in foreign currency
- D. Cross border Wire Transfer Reporting is for all cross border wire transfers of more than Rs.5.00 lakhs or its equivalent in foreign currency, where either the origin or destination of the fund is in India.
- E. All reportings of Bank for Suspicious Transaction Report/Cash Transaction Report/Non-Profit Organization Transaction Report/ Cross Boarder Wire Transaction Report and Counterfeit Currency Report is done through AML Software known as “Omni Enterprises” to FIU-India

Topic-KYC Policy

Answer: A

Q11: Which risk categorisation does Chartered Accountants, Cost Accountants and Company Secretaries fall while onboarding them for account based relationship with the bank

- A. High Risk
- B. Low Risk
- C. Medium Risk
- D. Depends on the value of transactions in the account
- E. Depends on the volume of transactions in the account

Answer: A

Q12: On detection of incident of suspected fraud (except Digital Fraud cases), the information shall be submitted into which portal

- A. UNION FRAUD
- B. UNION FRIEND
- C. UNION VIGIL
- D. CPFIR
- E. UNION SARAS

Answer: B

Q13: For non-credit frauds, what is the timeline within which an investigating officer has to be appointed by the immediate controlling office

- A. Within 1 day from the date of reporting
- B. Within 48 hrs
- C. Within 72 hours
- D. Within 4 days
- E. Within a Week

Answer: A

Q14: Choose the best option-Whether KYC Policy of the bank is applicable to Branches and majority owned subsidiaries of the bank which are located abroad

- A. Yes, it is uniformly applicable to all the branches of the bank whether in India or in foreign jurisdiction
- B. No, the KYC Policy is only applicable to branches in India

Topic-KYC Policy

- C. Yes, It is applicable to the extent it is not contradictory to the local laws of the host country
- D. Yes, however where there is variance in the standards prescribed by RBI and host country regulators, Bank will adopt the more stringent regulation of the two
- E. C&D

Answer: E

Q15: Based on the KYC Policy of the bank, each foreign office of the bank is required to put in place its own AML Policy (KYC guidelines, STR procedures, etc)

- A. No, It is not required as KYC Policy takes care of all foreign based offices
- B. Yes
- C. It will depend on the local laws of the foreign jurisdiction
- D. No, this is only applicable to Banks Foreign Branches and not majority owned subsidiaries
- E. No, it is only applicable to banks majority owned subsidiaries in foreign jurisdictions

Answer: B

Q16: KYC Policy is not applicable to which category

- A. Correspondent Banking Relationships
- B. POS Terminals
- C. Prepaid/ Gift Cards
- D. Lockers
- E. None of the above

Answer: E

Q17: With reference to "Control" by a Beneficial Owner in case of a company, which is false

- A. Control includes the right to appoint only the Managing Director of the Company
- B. Control includes right to appoint majority of directors
- C. Controls can be by virtue of voting rights or shareholding agreements
- D. Control includes the right to control Management or Policy decisions
- E. Control includes the right to control Policy decisions

Answer: A

Topic-KYC Policy

Q18: For Unincorporated Association/ Body of Individuals (BOI), the ownership of/ entitlement to is defined as

- A. more than 10 percent of property of the association/BOI
- B. more than 15 percent of property of the association/BOI
- C. more than 10 percent of profits of the association/BOI
- D. more than 10 percent of capital of the association/BOI
- E. Either of A, C or D

Answer: B

Q19: Within how many months should the customer submit the OVD with current address where the OVD does not have current address and where specified documents have been taken for the limited proof of address while opening an account

- A. 1 Month
- B. 2 Months
- C. 3 Months
- D. 6 Months
- E. 5 Months

Answer: C

Q20: Which of the following regarding small accounts is not true

- A. Small Account is defined in PML Rules 2005
- B. the balance at any point of time does not exceed rupees fifty thousand
- C. The aggregate of all credits in a financial year does not exceed rupees one lakh;
- D. the aggregate of all withdrawals and transfers in a month does not exceed rupees ten thousand
- E. Limits on balance shall also include deposits through Government grants, welfare benefits and payment against procurements.

Answer: E

Topic-KYC Policy

Q21: What is not a Transaction as per the KYC Policy

- A. Deposit, Withdrawal, Exchange or transfer of funds
- B. Usage of Safe Deposit Box
- C. Opening of Account
- D. Establishing a Legal Relationship
- E. None of the above

Answer: E

Q22: What are Payable Through Accounts

- A. An account that allows multiple banks to share customer information.
- B. An account used by companies for payroll processing.
- C. An account that allows foreign banks to provide other banks access to the U.S. banking system.
- D. Correspondent accounts used directly by third parties for transaction
- E. An account that offers reduced transaction fees for international business payments

Answer: D

Q23: What is a Shell Bank as per KYC Policy. Select all applicable

- A. Bank has no physical presence. A local agent or low-level staff will not constitute physical presence
- B. Bank is not affiliated with a regulated Financial Group
- C. Physical Presence means meaningful mind and management
- D. A, B only
- E. A, B, C only

Answer: E

Q24: As per KYC Policy what is meant by 'KYC-BR'

- A. Know your customer nature of Business
- B. Know your customer Business Risk
- C. Know your customer Business Relationship
- D. Know Your Customer- Branch
- E. None of the above

Answer: B

Topic-KYC Policy

Q25: What is the frequency for implementation of ML/TF risk assessment on Money Laundering/ Terrorist Financing Risk by ORMC, RMD

- A. monthly
- B. 3 months
- C. 6 months
- D. 9 months
- E. yearly

Answer: E

Q26: For walk-in customers bank will undertake Customer Identification Procedure (CIP) in which of the following cases

- A. For walk-in customer for all transactions irrespective of the amount involved
- B. For walk-in customer where the amount involved is equal to or exceeds Rs. 50,000
- C. For walk-in customer where the amount involved is exceeds Rs. 50,000
- D. For walk-in customer where the amount involved exceeds Rs. 20,000
- E. For walk-in customer where the amount involved is equal to or exceeds Rs. 20,000

Answer: B

Q27: Offline Red Flag Indicators (RFI) are important for the purpose of filing of Suspicious Transactions Report (STR). Which of the following is not a source for capturing the RFIs for the purpose of filing of STRs

- A. Media Reports
- B. Law Enforcement Agency Queries
- C. Public Complaints
- D. Transaction Monitoring
- E. None of the above

Answer: E

Q28: As per KYC Policy Dy. RH has to ensure that no STR is pending for escalation for more than how many days.

Topic-KYC Policy

- A. 2 days
- B. 3 days
- C. 4 days
- D. 5 days
- E. 7 days

Answer: A

Q29: Who is responsible for reporting of Suspicious Transactions Report (STR) for DEMAT operations

- A. Depository Participant Branch
- B. RMD, CO
- C. TMFM, CO
- D. RO of the DEMAT Branch
- E. ZO of the DEMAT Branch

Answer: A

Q30: Which of the following is not correct for accounts opened using Aadhaar OTP based e-KYC in non face to face mode

- A. Transaction Alerts, OTP are sent only to the mobile number registered with Aadhaar
- B. Aggregate balance of all deposit accounts of the customer shall not exceed Rs. 1 lakh
- C. Aggregate of all the credits in a FY in all the deposit accounts shall not exceed Rs. Two lakh
- D. Only Term Loans are allowed to be sanctioned for such customers and aggregate amount of term loan shall not exceed Rs. 60,000 in a year
- E. None of the above

Answer: E