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23rd April 2013

To
The Governor,
Reserve Bank of India
Mumbai

Sub: Customer harassment by HDFC Bank on 'fresh KYC norms'

Greetings Dr Subbarao,

MoneyLife Foundation, a not for profit organisation that represents over 21,500 members, has been receiving innumerable complaints regarding so called "fresh KYC" norms allegedly required from banks. The maximum number of complains are from HDFC Bank customers. When we wrote to the HDFC Bank Managing Director, Mr Aditya Puri, he told us that he was only following the Know Your Customer (KYC) directions issued by the RBI. Several HDFC Bank customers have received intimation from the bank to comply to the new KYC order or face consequences and have complained to us (Annexure II).

The HDFC Bank spokesperson also directed us to the RBI website links that it claims to be following (<http://www.rbi.org.in/scripts/FAQView.aspx?Id=82>). Additionally, we have enclosed a reply from a HDFC Bank representative in Annexure I.

We have two simple questions:

- a) Wouldn't you agree that it is unfair to harass ordinary customers across the board for an RBI investigation into the Cobrapost sting on moneylaundering? You may already know that it now takes several weeks to open a bank account because of stringent KYC processes that are applied to ordinary persons and small companies. In fact, many people who migrate to another city for their children's education or other contingencies, suffer immense hardship just to open a bank account. Forcing everybody to go through a re-submission of KYC documents every time there is a scandal cannot be an answer.
- b) Interestingly, we find that the majority of complaints are only about HDFC Bank, which admits that it is pushing customers and claims to be following RBI instructions. I am attaching some of the complaints of harassment from HDFC Bank customers that we have received below (refer to annexure II).

We would appreciate some clarification from the RBI in this matter.

Yours truly,

Sucheta Dalal, Trustee MoneyLife Foundation

CC: Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India

Annexure I

Email from HDFC Bank Representative

From: Neeraj.Jha@hdfcbank.com
Date: 20 April 2013 11:43:44 AM GMT+05:30
To: Sucheta Dalal <sucheta@moneylife.in>
Cc: Aditya Govindraj <aditya@moneylife.in>, Kale D G <dgkale@rbi.org.in>, Debashis Basu <editor@moneylife.in>, Jason Monteiro <jason@moneylife.in>
Subject: YOUR QUERY ON RE-KYC

Dear Sucheta,

This refers to your email on the subject. The following is the Bank's response.

As per guidelines issued by the Reserve Bank of India, banks are required to periodically update customers' identification data (including photograph) under the Know Your Customer norm. As you are aware, banks use various forms of communication including mails / letter, SMS, advertisements in newspapers etc, requesting customers to provide their details. The periodicity of that is governed by regulatory guidelines.

While we understand this may inconvenience some of our customers, we genuinely regret it. As customers we should appreciate that updating KYC norm details is meant to ensure that banks have the requisite, recent customer details. Also it is like protocol that's followed in other industries as per regulatory requirement in the interest of the customer, and larger interest of the nation. Please do not hesitate to get in touch with me for any query like this in future.

Neeraj Jha
Head, Corporate Communication
HDFC Bank Ltd., Mumbai.
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Fax: 91 - 22 - 2490 3168
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neeraj.jha@hdfcbank.com

Annexure II

a) Email from Adi Daruwalla

From: Adi Daruwalla <adi_45@yahoo.com>
Date: 18 April 2013 6:43:08 PM GMT+05:30
To: undisclosed recipients ;
Subject: Re: Private banks asking for RE KYC

Hi Sucheta

Through moneylife can there be a crusade to prevent the middle class investors from goign thorough an ordeal of re providing the KYC.

HDFC bank has asked to provide a re KYC and I don't know if this is an arbitrary process or for all clients, as while the middle class urban public keeps on fulfilling these request the scum of the earth are getting away with murder and money laundering and having deposits without provision of PAN, KYC et al.

Why this injustice, first and foremost all the big deposit holders must be made compliant. This is also one more reason to ask why deputy governor of RBI Dr. KC Chakrabarty is defending the 3 banks HDFC, ICICI and Axis. Why are we made to succumb to the pressures of these institutions, when they are being allowed to go scot free by the policy makers themselves.

They should be targeting big deposit holders and holders of RBI bonds as there seems to be some hanky panky by accepting huge amounts in RBI bonds and without PAN or KYC and fake PAN and KYC from holders and without the checks and balances in place. Dr. KC Chakrabarty should be asked the direct and pertinent question that is the revenue of RBI at stake that is why he is defending the 3 private banks?

Adi

b) Email from Trishul M Wadhwa

From: Trishul M Wadhwa <tmw930@yahoo.com>
Date: 18 April 2013 9:07:49 PM GMT+05:30
To: Sucheta Dalal <sucheta@moneylife.in>
Subject: hi - More of HDFC KYC mess

Dear Sucheta,

I would like to apologise if my emails regarding HDFC - KYC issues are beginning to clog your email inbox.

This time around, the Bank is pestering me regarding my Savings Account.

I got a call from the Magarpatta Branch, Pune regarding my Imperia Savings account. The bank called me on Saturday 13th April in the evening at 7.34 pm. The teller at the other end was'nt that courteous. He was mildly threatening that i needed to complete KYC formalities for my savings account within the next few days, or else. When i asked for his name, he conveniently put the phone down.

So on Tuesday I made a trip to the branch to vent my frustration. I don't bank at that branch at all as it is out of the way for me, but since I had a site visit, on Nagar Road I made the trip. I told the Bank Manager, in no mean terms, that calling a customer on a Saturday evening was highly unacceptable and uncalled for.

Then on Tuesday evening I got a SMS bank asking me as per RBI guidelines that i needed to resubmit ID proof, address proof & photo at any HDFC bank or Contact for my relationship manager. So I interacted with the staff at the East Street branch and also contacted my relationship manager about the need for my KYC and associated documents.

c) Email from Prof Anil Agashe - teaches at 3 management schools in Pune

Many of us who have been customers of the bank probably since it opened have recently received mails or messages asking us to re-submit KYC documents to the bank. After complaining about this on twitter and sending a mail as required I just now received a call from an official of my branch. I have a reputation of trouble maker with the bank for a long time now and hence they make sure to talk to me quickly.

My issue is if you need to confirm my KYC periodically then why am I a "Classic" customer? Why I have pre sanctioned loan facility? These two things should be sufficient to assure the bank about my address, my Pan No etc, which is sufficient for KYC.

I pay my credit card dues on due date as I have standing instruction to debit all dues to my savings account. My land line and electricity bills are paid by the bank charging my credit card. Is this not enough to verify my address? As it is they need one of these two bills as residence proof. They send me my cheque book to my registered address and I acknowledge the receipt for it. Is it not proof of residence? I have submitted many documents as recently as August '12 while taking a car loan. Why should they want it again? This is nothing but harassment.

Another thing she told me was the documents for first account holder only are required! Can the second account holder not operate the account? Why are those documents not required? Is there any logic to this?

Has anyone of you heard from the bank? Have you received the same response? Please write to the bank on Twitter and see what they say. Let's fight this non-sense united.