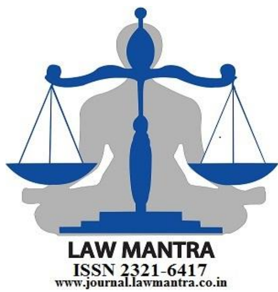

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ANTI- MONEY LAUNDERING & KYC: AN RBI PERSPECTIVE*

INTRODUCTION

Protecting legitimate or illegitimate wealth from the unwanted attentions of government has a long history. Great Historian Sterling Seagrave in his excellent book "*Lords of the Rim*", describes how, more than 3,000 years ago, merchants in China hid their wealth for fear that rulers would take the profits and assets they had accumulated through trade. The techniques he describes -converting money into readily movable assets, moving cash outside the jurisdiction to invest it in a business, and trading at inflated prices to expatriate funds -are used today by sophisticated money launderers.[1]

The Financial Action Task Force, which has set international standards for Anti-money laundering measures since it first issued its 40 Recommendations in 1990, answer the question 'what is money laundering?' in this way:

The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds to disguise their illegal origin. This process is of critical importance, as it enables the criminal to enjoy these profits without jeopardizing their source.

In his book "*The Laundrymen*", Jeffrey Robinson says that: 'Money laundering is called what it is because that perfectly describes what takes place- illegal, or dirty, money is put through a cycle of transactions, or washed , so that it comes out the other end as legal, or clean, money. In other words, the source of illegally obtained funds is obscured through a succession of transfers and deals in order that same funds can eventually be made to reappear as legitimate income.'[2]

Illegal money can be moved by all manner of means. Individuals have been convicted of laundering for transporting diamonds bought with the proceeds of crime and destined for criminal groups; cash deposited in a checking account can be withdrawn worldwide with debit cards; even simple methods, such as wire transfers, can facilitate money laundering. Economic and financial globalization has also made the life of a launderer easier. The high volume of legal funds circulating around the globe makes the movement of dirty money less conspicuous. And the globalization of financial-services companies' means that money placed in a bank branch in a less regulated jurisdiction is easily transferred internally within the organization to a branch in a more regulated jurisdiction.

By definition, money laundering involves hiding, moving, and investing the proceeds of criminal conduct. Even legal money can become illegal, for example, if moving it violates a country's

* **Mr. Rajat Solanki, Assistant Professor of Law, National Law University Odisha, Cuttack. & Ms. Nidhi Chauhan, Assistant Professor of Law, KIIT School of Law, KIIT University, Bhubaneswar.**

[1] Nigel Morris-Cotterill, "Money laundering", Foreign Policy, No. 124 (May - Jun., 2001), p. 16. Available at: http://www.jstor.org/stable/3183186 (accessed on 25-04-2015)

[2] Robin Booth et al., Money Laundering: Law and Regulation", Oxford University Press, 2011, p. 3

foreign-exchange controls or other financial regulations. Money laundering generally harms society by oiling the wheels of financial crime, and financial crime affects everyone. As a result of insurance fraud, we all pay more for insurance. As a result of robberies and fraud, we all receive less interest on bank deposits and pay more interest on loans. Because of fraud on social security, other benefits, and in government grants for welfare and education, we pay more in taxes. We also pay more taxes for public works expenditures inflated by corruption. And those of us who pay taxes pay more because of those who evade taxes. So we all experience higher costs of living than we would if financial crime-including money laundering-were prevented.

All laundered money passes through the financial system and therefore, by definition, passes through banks. Hence, the banking sector is often the focal point for anti-money-laundering initiatives. But banks are nothing more than the pipes through which money flows. The dirty money is very nicely mixed with the clean money that the banks know dirty money is in their system, but they cannot separate it from the clean money. Criminals move money between banks, between different financial instruments, and in and out of tangible assets such as businesses or property. They try to change the shape and size of the financial holding by using different currencies and by adding to and subtracting from the amounts so that it is more difficult to identify. Criminals also use "shell companies" (entities that have no physical presence or staff and exist purely to create invoices and to receive money for nonexistent services) to launder money.[3]

Dirty money generally is most visible when it is first introduced in to the financial system. As a result, counter-money-laundering laws often require bankers to identify money that may be tainted-so-called know your customer (KYC) rules. KYC goes further than simply knowing the names and addresses of customers; it also involves knowing something of their background and activities. If transactions passing through an account are inconsistent with what the bank would expect from what it knows of a customer, then the bank may be required to report such transactions to supervisory authorities.

BACKGROUND

Money laundering was at first linked to drug trafficking. Recognition of the crime of money laundering traces its origins, in Europe, to a 1980 recommendation by the Council of Europe. The United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention of 1988) is considered the international milestone that paved the way for worldwide political and criminal analysis of the subject.[4]

All efforts to categorize money laundering as a crime on its own were closely associated with the international traffic in narcotics. Two separate aspects appear to have been decisive in bringing about an international mobilization to punish the conversion of the proceeds of criminal drug trafficking into apparently legal wealth.

Thus, there was a strong international push for the adoption of a means to combat money laundering. The United Nations Vienna Convention of 1988 provided an international legal framework, although it was specifically organized to battle the traffic of narcotic drugs and psychotropic substances. The failure of traditional legislation to deal with these new issues was well known. It was a constant concern in many countries in their struggle against serious crime because permitting the flow of illegal capital poses a threat to everyone and undermines the confidence in law enforcement institutions.

Countries like Spain, Switzerland, Austria, the United States, Canada, Australia and Mexico no longer classify money laundering as a mere appendage of drug trafficking. Given the evidence that the money-laundering problem is not exclusively a drug trafficking issue, and faced with the deleterious consequences of the entry of the proceeds from certain types of crime into a nation's economy, many legislative bodies began to extend the concept of money laundering by associating

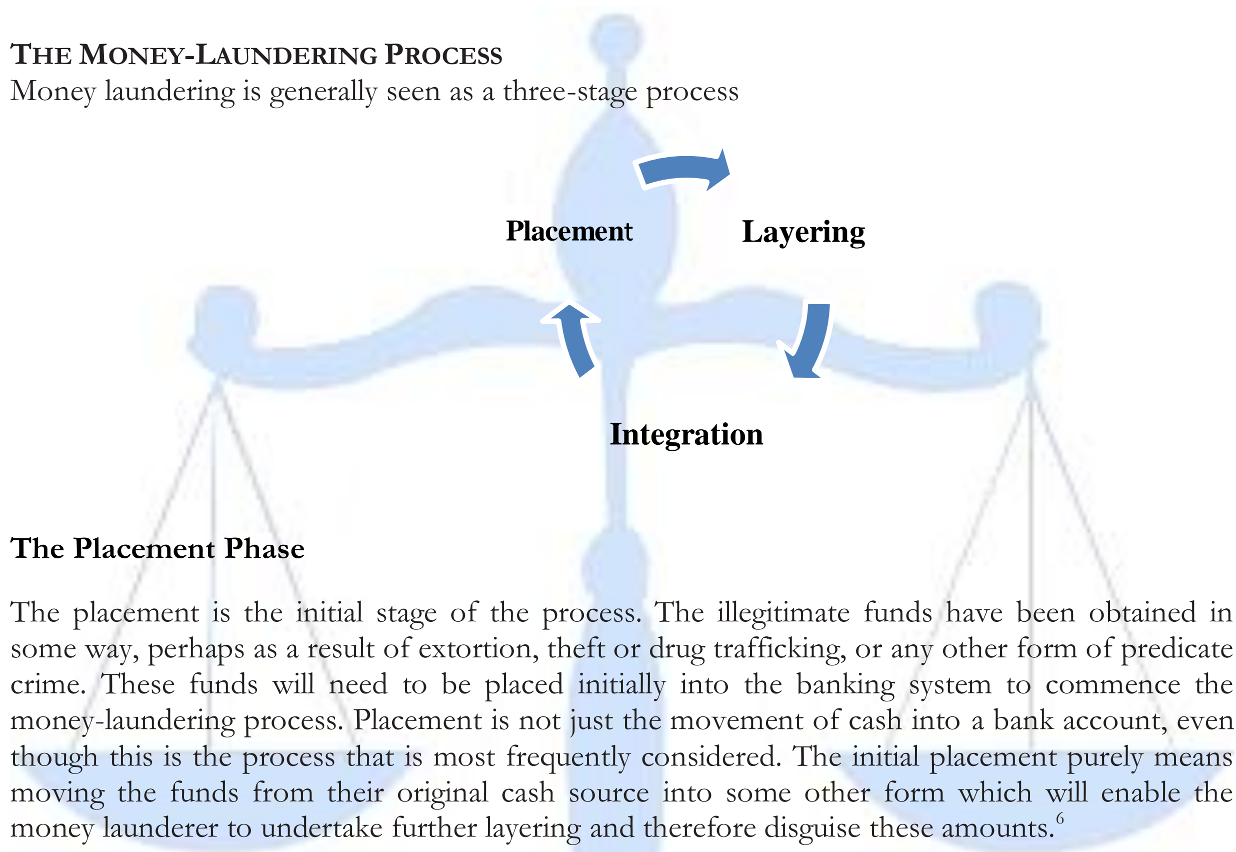
[3] Supra, Note 1

[4] Fausto Martin De Sanctis, "Money Laundering Through Art: A Criminal Justice Perspective", Springer International Publishing Switzerland, 2013, p. 8

it with other types of antecedent crimes. The crime of money laundering had to be separated from drug trafficking because there was no justification for legislating against only that particular form of illicit enrichment. However, this presented serious questions of legal doctrine, such as the question of what legal interest is actually being protected.[5]

THE MONEY-LAUNDERING PROCESS

Money laundering is generally seen as a three-stage process



The Placement Phase

The placement is the initial stage of the process. The illegitimate funds have been obtained in some way, perhaps as a result of extortion, theft or drug trafficking, or any other form of predicate crime. These funds will need to be placed initially into the banking system to commence the money-laundering process. Placement is not just the movement of cash into a bank account, even though this is the process that is most frequently considered. The initial placement purely means moving the funds from their original cash source into some other form which will enable the money launderer to undertake further layering and therefore disguise these amounts.[6]

The Layering Phase

Once the funds have initially been placed, the next phase of the money-laundering programme is the layering phase. As stated above, the objective of the layering phase is to disguise the proceeds of crime such that the original source and the current position of the funds are unclear. This can typically be as easy as using the illegitimate funds to invest in something legitimate, so that the funds now appear to be "clean". In other cases, a far more complex series of transactions will be entered into.

In more complex schemes, the money launderer will move the funds between a number of accounts in a number of different jurisdictions and through a series of companies to ensure that the trail is as complicated as possible. This will essentially obscure the audit trail and sever the link with the original criminal proceeds. In the most professional cases of money laundering identified, the funds can actually "spin" up to ten times prior to being integrated into the banking system.

Money launderers will face varying levels of difficulty during the layering phase depending on the chosen method of investment. For example, antiques, paintings and stamps can all be legitimately acquired privately, and thus have a low level of risk for the money launderer. You can purchase them at antique markets, shops, auctions or even car boot sales or flea markets. They can be

[5] Id., p. 10
[6] Dennis Cox, Handbook of Anti Money Laundering, John Wiley & Sons, Ltd., 2014, United Kingdom, p.15

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inherited, found or gifted. Some of these routes maintain formal records of the purchase or sale, whereas others do not.

The Integration Phase

Integration is the final stage of the money-laundering process. It is the stage where illegal proceeds are re-integrated into a legitimate financial system to be assimilated with other assets in the system. This is where the disguised criminal proceeds can be returned to and used by the money launderer and they will now appear to be legitimate funds. Money launderers will typically put the "cleaned" money into the normal economy to make it appear to have been earned legitimately. The main aim of the money launderer is to integrate funds successfully so that it becomes difficult for anyone to distinguish between legitimate and illegitimate (criminal proceeds) funds and they will then be free to use them for any purpose they require.

INTERNATIONAL DEVELOPMENT OF LAW & REGULATION

In recent years, increasing efforts have been made through trans-national organisations to reduce international, national and regional vulnerabilities and to take action against crime and corruption. The will of national governments to introduce effective anti-money laundering and terrorist financing strategies and to eradicate all forms of criminal finance and official corruption is increasingly being taken into account when considering the level of international aid to those countries. Countries that are unwilling to introduce and adopt international standards are finding their economic development being adversely affected as they suffer from a lack of international acceptance and co-operation. They are also suffering adverse publicity and finding that financial institutions around the world are being required to apply close scrutiny to transactions with them.[7]
A number of countries, including the UK, can and do prohibit or restrict dealings with countries whose strategies to combat money laundering and terrorist financing are considered to be totally inadequate.[8]
As part of the overall strategy, a number of initiatives have been developed both at national and international levels. Four tools are required for national action against money laundering to be effective:

1. The country's criminal justice system must be able to enforce effective tracing, freezing and eventually confiscation of the proceeds of criminal activity.
2. Legislation must be enacted and implemented to both criminalize and counter the process of money laundering and terrorism financing.
3. It is essential to recognize the need for an enhanced level of international co-operation, given the trans-national nature of the drugs trade and the sophisticated use made of the global financial system by the international traffickers to launder their funds and protect them from confiscation.
4. The need to recognize that the criminal justice system cannot succeed alone. There is a need to establish legislation and regulation to empower and encourage the domestic and international financial sectors and professions to become partners in this task.

At the international level, there are now formal treaty-based mechanisms providing explicitly for coordinated action against money laundering. However, such treaties did not exist until the late 1980s. **Financial action Task Force (FATF)** was established as an independent body at the Organisation for Economic Co-operation and Development (OECD) economic summit held in Paris. Its purpose is to develop and promote national and international strategies to combat money laundering. As a policy-making body, it attempts to generate the necessary political will to bring about national legislative and regulatory reforms to combat money laundering. The OECD is an intergovernmental agency organized to promote measures for the fight against money laundering.

[7] FATF Recommendation 21
[8] Doug Hopton, Money Laundering: A Concise Guide for all Business, Gower e-book, Gower Publishing Limited, England, 2006, p.5

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The recommendations of OECD are not binding, but they do exert strong international influence on many countries (including nonmembers) to avoid losing credibility,
because they are recognized by the International Monetary Fund and the World Bank as international standards for combating money laundering and the financing of terrorism.[9]

Apart from this **Basel Committee on Banking Regulations and Supervisory Practice** was established in 1974 by the governors of the central banks of the Group of ten countries. In recognition of the vulnerability of the financial sector to misuse by criminals, the Basel Committee on Banking Regulations and Supervisory Practices issued a Statement of Principles (the 'Basel Principles') in December 1988. This was a significant step towards preventing the use of the banking sector for money laundering purposes, as it set out a number of major principles with which all banking institutions should comply in respect of:[10]

i. customer identification;
ii. compliance with legislation;
iii. conformity with high ethical standards and local laws and regulations;
iv. full co-operation with national law enforcement authorities to the extent permitted without breaching customer confidentiality;
v. record-keeping and systems;
vi. staff training

A further paper was issued by the Committee in October 2001 covering customer due diligence for banks. It addressed verification and Know Your Customer (KYC) standards with a cross-border aspect. This reflected the fact that earlier reviews of standards at a national level found large variations and frequent instances where standards could not be considered adequate. The setting of national standards was recognised to be the role of national supervisors but they were required to set these taking into consideration what other nations were being expected to do, to minimise variations in international standards.[11]

KNOW YOUR CUSTOMER

"Know Your Customer" (hereinafter "KYC") is a process by which banks obtain information about the identity and address of the customers. KYC helps to ensure that banks' services are not misused.[12] In general, KYC refers to requirement for banks and other financial institutions to monitor, audit, collect, and analyze relevant information about their customers (or potential customers) before engaging in financial business with them.[13] KYC policies are designed and implemented to conform to various statutes and regulations[14] issued by Parliament and the RBI. KYC policies are intended to not only prevent identity theft, fraud, money laundering, and terrorist financing, but also to help regulate business risks related to lending and investment activities between banks and their customers.[15] The principles behind KYC are centuries old, but they have recently gone through a revolutionary transformation.[16] Banking regulators across the globe have proposed the introduction of formal KYC regulations since the late 1990s.[17] A financial institution with sound KYC guidelines in place is considered to have the ability to prevent the

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[9] Supra Note 4, p. 11
[10] Supra Note 8, p. 8
[11] Id., p. 9
[12] Frequently Asked Questions on Know Your Customer available at https://www.rbi.org.in/scripts/FAQView.aspx?Id=82 (accessed on 20.04..2015)
[13] Genci Bilali, Know Your Customer-or Not, 43 U. Tol. L. Rev. 319 2011-2012
[14] Daniel Mulligan, Comment, Know Your Customer Regulations And The International Banking System: Towards A General Self-Regulatory Regime, 22 Fordham Int'l L.J. 2324 (1999).
[15] John J. Byrne, Douglas W. Densmore & Jeffery M. Sharp, Examining the Increase in Federal Regulatory Requirements and Penalties: Is Banking Facing Another Troubled Decade?, 24 Cap. U. L. Rev. 1 (1995).
[16] Supra Note 13
[17] Mike Kelsey, The USA Patriot Act: Compliance with the Anti-Money Laundering Provisions, 21 Del. Law. 22, 22 (2003).

opening of fictitious accounts and will provide the financial institution with a customer profile that will enable it to predict, with relative certainty, the types of transactions in which the customer is likely to engage. The potential to generate immense profits is at the source of drug trafficking and money laundering and the key stage to limit this potential is when the illicit cash first enters the financial system.[18] The KYC guidelines are designed to prevent entry of illicit funds into the system and to keep banks from becoming unwitting participants in money laundering schemes. KYC guidelines do so by requiring banks to obtain adequate information to determine the identity and legitimacy of their clients.

As an important part of a bank's relationship with its customers KYC policies need to fulfil certain objectives. One objective is to accurately identify the bank's customers.[19] The bank should know who individuals and businesses are before starting the process of opening deposit accounts, entering into loan agreements, or forming a client relationship.[20] Another objective of KYC programs is that the bank must review and verify the source of customer funds.[21] The principle behind KYC underlines a bank's responsibility to verify the source of a customer's funds in order to be certain it is dealing with lawfully obtained money.[22] A third objective of a KYC program is to allow a bank to monitor closely the banking activities of its customers after establishing a formal relationship.[23] The KYC procedure is to be completed by the banks while opening accounts and also periodically update the same.[24]

KYC guidelines serve several purposes. First, they may deter criminals posing as legitimate customers who would use financial institutions as tools to launder proceeds from their illicit activities.[25] Second, strict adherence to KYC guidelines may reveal the illicit nature of a customer's business.[26] Third, the information obtained from a customer will be transferred onto a database that will indicate when transactions are inconsistent with a customer's normal business transactions.[27]

RESERVE BANK OF INDIA

The RBI has been issuing circulars on monitoring of transactions since 1976. The first one was related to issue of demand drafts etc. where the RBI instructed applicants for demand drafts etc. for amount exceeding Rs. 10000/- to affix Permanent Income Tax Number on the application.[28] As part of KYC principle, RBI issued several guidelines relating to identification of depositors and advised the banks to put in place systems and procedures to help control financial frauds, identify money laundering and suspicious activities, and for scrutiny/monitoring of large value cash transactions. Instructions have also been issued by the RBI from time to time advising banks to be vigilant while opening accounts for new customers to prevent misuse of the banking system for perpetration of frauds. However, taking into account recent developments, both domestic and international, the RBI decided to reiterate and consolidate the extant instructions on KYC norms

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[18] Supra Note 14.
[19] Carolyn Hardin-Levine, To Curb Business Loan Fraud, Automate Application Screening, Am. Banker, Jan. 13, 2006, at 11.
[20] Supra Note 13
[21] Supra Note 15.
[22] Supra Note 13
[23] Frank C. Razzano, American Money Laundering Statutes: The Case for a Worldwide System of Banking Compliance Programs, 3 J. Int'l L. & Prac. 277, 292 (1994).
[24] Supra Note 12.
[25] Peter E. Meltzer, Keeping Drug Money from Reaching the Wash Cycle: A Guide to the Bank Secrecy Act, 108 Banking L.J. 230, 231 (1991) at 239
[26] Supra Note 14.
[27] Supra Note 25.
[28] RBI Circular No. DBOD.BP.BC.92/C.469-76 dated 12th August, 1976 https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9031#A4 (accessed on 20.04.2015)

and cash transactions.[29] These guidelines issued by the Reserve Bank are under Section 35 A of Banking Regulation Act, 1949 (As Applicable to Co-operative Societies) and any contravention of or non- compliance with the same may attract penalties under the relevant provisions of the Act.[30] The first circular specifically on KYC norms was issued in August, 2002 where the RBI has recognised that KYC procedure should be the key principle for identification of an individual/ corporate opening of account and it has instructed that the customer identification should entail verification through an introductory reference from an existing account holder/a person known to the bank or on the basis of documents provided by the customer. Also, the guidelines required that the Branches of banks to report all cash deposits and withdrawals of Rs.10 lakhs and above as well as transactions of suspicious nature with full details in fortnightly statements to their controlling offices.[31] Since then, the RBI is issuing KYC guidelines on regular basis. Recently, the RBI consolidated as many as 59 circulars issued since 2002 and issued Master Circular on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT)/Obligation of banks under PMLA, 2002 (hereinafter "Master Circular of 2014") was issued in July, 2014.[32] Master Circular of 2014 stated that the objective of these guidelines is to prevent banks from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.[33] KYC procedures also enable banks to know/understand their customers and their financial dealings better which in turn help them manage their risks prudently. Banks were advised to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.[34] The RBI revisited these 'Know Your Customer' guidelines in the context of the Recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). The RBI has issued detailed guidelines based on the Recommendations of the Financial Action Task Force and the paper issued on Customer Due Diligence (CDD) for banks by the Basel Committee on Banking Supervision, with indicative suggestions wherever considered necessary.[35] The RBI has advised Banks to ensure that a proper policy framework on 'Know Your Customer' and Anti-Money Laundering measures with the approval of the Board is formulated and put in place. The General Guidelines are as follows:[36]

1. Banks should collect only 'mandatory' information required for KYC purpose which the customer is obliged to give while opening an account at the time of opening the account / during periodic updation. Other 'optional' customer details / additional information, if required, may be obtained separately only after the account is opened with the explicit consent of the customer. The customer has a right to know what is the information required for KYC that she / he is obliged to give and what is the additional information sought by the bank that is optional.
2. Banks should keep in mind that the information (both 'mandatory' - before opening the account as well as 'optional'- after opening the account with the explicit consent of the customer) collected from the customer for the purpose of opening of account is to be treated as confidential and details thereof are not to be divulged for cross selling or any

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[29] RBI Circular No. DBOD.AML.BC.18/14.01.001/2002-03 dated August 16, 2002: Guidelines on "Know Your Customer" norms and "Cash transactions" https://rbi.org.in/scripts/NotificationUser.aspx?Id=819&Mode=0 (accessed on 20.04.2015)
[30] RBI Master Circular No. DBOD.AML.BC.No.22/14.01.001/2014-15 dated 1 July, 2014 https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9031#
[31] RBI Circular No. DBOD.AML.BC.18/14.01.001/2002-03 dated August 16, 2002 https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9031#A4 (accessed on 20.04.2015)
[32] RBI Master Circular No. DBOD.AML.BC.No.22/14.01.001/2014-15 dated 1 July, 2014 https://rbi.org.in/scripts/BS_ViewMasCirculardetails.aspx?id=9031#
[33] Id.
[34] Id.
[35] Id.
[36] Id.

other like purposes. Banks should, therefore, ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard.
3. Banks should ensure that any remittance of funds by way of demand draft, mail/telegraphic transfer or any other mode and issue of travellers' cheques for value of Rupees fifty thousand and above is effected by debit to the customer's account or against cheques and not against cash payment.

Master Circular of 2014 provides that under the KYC Policy banks should frame their KYC policies incorporating the following four key elements:[37]

a) Customer Acceptance Policy: Every bank should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the certain aspects of customer relationship in the bank:
b) Customer Identification Procedures: The policy approved by the Board of banks should clearly spell out the Customer Identification Procedure to be carried out at different stages. Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information.
c) Monitoring of Transactions: Monitoring is an essential element of effective KYC procedures. Banks should pay special attention to all complex, unusually large transactions and all unusual patterns which have no apparent economic or visible lawful purpose. Banks may prescribe threshold limits for a particular category of accounts and pay particular attention to the transactions which exceed these limits. Transactions that involve large amounts of cash inconsistent with the normal and expected activity of the customer should particularly attract the attention of the bank. High-risk accounts have to be subjected to intensified monitoring.
d) Risk Management: The Board of Directors of the bank should ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring their effective implementation. Banks should, in consultation with their boards, devise procedures for creating risk profiles of their existing and new customers and apply various anti money laundering measures keeping in view the risks involved in a transaction, account or banking/business relationship.

CONCLUSION

Experience has shown that often, the various bank accounts utilized by criminals, terrorists, or others with intent to commit unlawful activity were in proper order at the time of their creation.[38] The accounts are often created in a way that appears innocent and are kept in that condition until they are needed for unlawful activity, such as terrorism financing or money laundering.[39] Banks should continuously monitor customers' activities related to both commercial loans and deposit accounts because both can be used to conduct unlawful transactions and illicit activities. By fulfilling these KYC objectives, a bank is able to establish the true and accurate identity of its customer, discover and document the source of the customer's funds, and ascertain the customer's usual and anticipated banking transactions and financial activities.[40]

Although compliance with KYC guidelines has created many challenges due to the technological constraints and adverse impact on profitability of the banks. However, the banks have strictly followed the RBI's guidelines and helped in creating customers and culture orientation to gain the trust and respect of the customers and other stakeholders. The RBI is committed to ensure that

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[37] Id.
[38] Andres Rueda, The Implications of Strong Encryption Technology on Money Laundering, 12 Alb. L.J. Sci. & Tech. 1, 8 (2001).
[39] Sara A. Hallmark & Megan L. Wolf, Financial Institutions Fraud, 47 Am. Crim. L. Rev. 595, 623-24 (2010).
[40] Supra Note 13

the Indian Banking and financial system is not comprised and vulnerability is not exploited by the money launderers. So also, the banks are expected to be vigilant and aware of the potential for money laundering activities so that they can advise timely and prudently to the authority for taking necessary actions in such cases.

KYC guidelines are designed mainly to prevent unlawful proceeds from entering the banking and financial system and to keep banks and other financial institutions from becoming inadvertent participants in illegal schemes. The guidelines contribute to these objectives by requiring banks and other financial institutions to obtain certain documentation.[41]

Banks that fully implement KYC guidelines are more able to prevent the opening of fictitious bank accounts.[42] Moreover, a fully implemented KYC program can help curtail money laundering through offshore bank accounts and transactions.[43] Presently, the implementation of policies for detecting suspicious transactions and activities is one of the most important means of money laundering activities. The RBI plays a crucial role in this effort by requiring banks and other financial institutions to report such activities.

The RBI has acknowledged the importance of building adequate controls and procedures to allow banks and financial institutions to have knowledge and information about their customers and their investment goals and needs. Banks and other financial institutions must carry out required due diligence and carefully scrutinize the activities of both new and existing customers in order to fulfil their obligations with respect to the KYC guidelines. Otherwise, banks and other financial institutions could face reputational, operational, and liability risks. This could, in turn, lead to the occurrence of substantial financial losses for these institutions. If banks and other financial institutions had kept efficient KYC programs, they most likely would have been able to avert some of their tremendous financial losses during the crisis. Under a strong KYC policy, the ability of a financial institution to detect suspicious transactions has become one of the most significant elements in the prevention of criminal activity.

[41] Lan Cao, The Transnational and Sub-National in Global Crimes, 22 Berkeley J. Int'l L. 59, 70-72 (2004).
[42] IBLS Editorial Board, Offshore Banking and Confidentiality, Internet L. Bus. E-Commerce (May 1, 2005).
[43] Ellen Zimiles, Fighting the Money Laundering Challenge, U.S. Banker, Nov. 2000, at 90.