भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India (Commercial Banks - Know Your Customer) Second Amendment Directions, 2026

The Reserve Bank has issued instructions on 'Operation of Bank Accounts and Money Mules' in its Reserve Bank of India (Commercial Banks – Know Your Customer) Directions, 2025, where under banks have been directed to undertake diligence measures, monitor the transactions meticulously to identify the accounts, which are operated as Money Mules and take appropriate action. The extant instructions have since been reviewed, and it has been decided to amend the Directions and direct banks by way of a Standard Operating Procedure (SOP) to identify, while protecting genuine customers from inconvenience, highly suspicious transaction / account, including those linked to money mule activity, cyber enabled and other financial frauds, or relating to transactions involving terrorist financing on one's own behalf or on behalf of another person. It also puts in place a uniform, time-bound procedure for actions to be taken with respect to such transaction / account, including placing debit hold.

2. In exercise of the powers conferred by Section 35A of the Banking Regulation Act,1949, the Reserve Bank, being satisfied that it is necessary and expedient in public interest so to do, hereby issues the Amendment Directions hereinafter specified.

3. Short Title and Commencement

(1) These Directions shall be called the Reserve Bank of India (Commercial Banks - Know Your Customer) Second Amendment Directions, 2026.

(2) These Directions shall come into effect from July 1, 2027, or on such earlier date, as a bank may decide to implement the SOP.

4. These Amendment Directions shall modify the Reserve Bank of India (Commercial Banks-Know Your Customer) Directions, 2025 (hereinafter referred to as the said Directions) as under:

(1) In paragraph 5 of the said Directions, the following definition shall be inserted after clause (vi) of sub-paragraph 5(2), namely: -

(via) “Debit Hold” means not allowing any debit from a bank account, or an amount placed under hold.

(2) In paragraph 5 of the said Directions, the following definitions shall be inserted after clause (vii) of sub-paragraph 5(2), namely: -

“(viia) “Highly Suspicious account” means a money mule account or a bank account used on one’s own behalf, knowingly or unknowingly, to receive, layer or transfer proceeds of an offence specified in the Schedule to the Act, or of a financial fraud, or transactions involving terrorist financing, where the bank in its assessment considers the account as highly suspicious requiring further actions such as placing a debit hold.

Explanation: All accounts involving suspicious transaction(s) are not necessarily highly suspicious accounts. It is only those accounts which, (i) given the nature of the suspicious transaction, the bank wishes to place a debit hold on its own accord due to its own assessment that such debit hold would help in preventing further flow of funds/proceeds relating to the transaction, or (ii) an authority competent to place a debit hold directs it so.

(viib) “Highly suspicious transaction” means a suspicious transaction, which given the nature of the transaction, the bank wishes to place a debit hold on its own accord due to its own assessment that such debit hold would help in preventing further flow of funds/proceeds relating to the transaction, or (ii) an authority competent to place a debit hold directs it so.

(3) In paragraph 5 of the said Directions, the following definition shall be inserted after clause (viii) of sub-paragraph 5(2), namely:-

(viiia) “Jurisdictional Police Authority” means the Police Station / Cyber Police Station to which a case is routed through NCRP-CFCFRMS, or, where routing is unavailable under NCRP-CFCFRMS, the station having jurisdiction over the bank’s branch / centre servicing the account.

(4) In paragraph 5 of the said Directions, the following definitions shall be inserted after clause (ix) of sub-paragraph 5(2), namely:-

(ixa) “Money Mule Account” means an account used on behalf of another person, knowingly or unknowingly, to receive, layer or transfer proceeds of an offence specified in the Schedule to the Act, or of a financial fraud, or relates to transactions involving terrorist financing.

(ixb) “NCRP-CFCFRMS” means the National Cybercrime Reporting Portal's Citizen Financial Cyber Fraud Reporting and Management System, managed and operated by Indian Cyber Crime Coordination Centre (I4C) under the Ministry of Home Affairs (MHA).

(5) In paragraph 50 of the said Directions, the following shall be inserted after sub-paragraph 50(1), namely:-

“(1A) maintain all necessary information with respect to the amounts and accounts put on debit hold, including the date of placing debit hold (on own accord or on directions of an authority competent by law to do so) and its release, reasons for the same, details of correspondence with account holder and the jurisdictional police authority for a period of five years from the date of placing the debit hold;”.

(6) Paragraph 68 of the said Directions shall be substituted by the following, namely:-

“68. **Highly Suspicious Transaction / Account - Standard Operating Procedure (SOP):**

(1) A bank shall put in place suitable technological and/or other solutions to identify highly suspicious transactions and accounts, based on objective parameters, while mitigating the risk of erroneously identifying genuine transactions / accounts as highly suspicious transaction / account.

(2) On identification of a highly suspicious transaction or account, through the technological and/or other solution mentioned above or through its transaction monitoring system or early warning system or under its internal policy or any other means the bank[1] may place a debit hold on such transaction amount or account, as the case may be. The bank’s internal policy shall *inter alia*, ensure that the debit

[1] Bank may review the accounts in which debit hold has already been placed by the banks, if any, before this Standard Operating Procedure (SOP) and shall adhere to the provisions given in SOP suitably to ensure consistency in operationalising the SOP.

hold shall be applied based on a high degree of suspicion that the transaction or account (as the case may be), is related to an offence specified in the Schedule to the Act, or of a financial fraud, or terrorist financing, with approval at an appropriately higher level and mechanical application of hold at account level shall be avoided.

(3) Upon placing the debit hold, the bank shall promptly notify the account holder, if communicating through digital mode (if mobile number / email address is on record), otherwise by the End of Day (EOD) of the next working day. Such notification shall contain the reasons for placing the debit hold, the process for its removal, the concerned officer's contact details and seeking explanation / justification on the genuineness of transaction / account to be given by the customer, including documentation, if any, within seven calendar days' time from the date of debit hold.

(4) The bank shall examine the explanation and documentation, if any, received from the account holder, and take a decision promptly and, in any case, not later than seven calendar days from the date of receipt of such explanation, by either (i) removing the debit hold on being satisfied with such explanation; or (ii) continuing the debit hold and reporting to the Jurisdictional Police Authority with reasons. Where bank has not received the explanation from the account holder, within seven calendar days from notifying the account holder, the bank shall continue the debit hold and report to the Jurisdictional Police Authority with reasons.

(5) The bank shall promptly notify the account holder of the decision taken by it, i.e., removal of the debit hold, or the continuation of the same, if communicating through digital mode, otherwise by EOD of the next working day.

(6) On reporting to the Jurisdictional Police Authority, the bank shall conduct an enhanced due diligence (EDD) of the account.

(7) During this process, if there is any direction / instruction (duly issued under the relevant / appropriate statutory provisions) received from the jurisdictional police authority or any other competent authority, including a court or a tribunal empowered by law to issue directions in relation to a bank account, the bank shall ensure compliance to such direction(s). It shall also notify the account holder of its

action promptly, if communicating through digital mode, and by EOD of the next working day, otherwise.

(8) Where no direction / instruction (duly issued under the relevant / appropriate statutory provisions), specifically requiring continuation of the debit hold is received from the jurisdictional police authority (or any other competent authority), within 30 calendar days from the date of reference such authority, the bank shall remove the debit hold on the 31st day, provided it is satisfied with the EDD. Otherwise, it shall continue the debit hold, and the extant instructions on inoperative accounts provided under the Reserve Bank of India (Commercial Banks – Responsible Business Conduct) Directions, 2025 shall apply. The Bank shall notify the account holder of the removal of debit hold or its continuation, as the case may be, promptly, if communicating through digital mode, and by EOD of the next working day, otherwise.

(9) Grievance Redressal Mechanism:

i. The bank shall designate Nodal Officer(s) at appropriate levels (Regional / Zonal / Head Office) for coordination as well as for complaints arising from action taken under this SOP.

ii. Nodal Officer details (name, contact number, address, e-mail) shall be displayed prominently on the bank's website and at all branches.

iii. Complaints shall be acknowledged on receipt and resolved within 30 calendar days.

iv. The bank shall maintain an MIS to log, track and monitor complaints received under this SOP."

(R Sathish)
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