

RBI SFB - KYC Amendment aligns the KYC framework with the Department of Revenue's clarification on ultimate responsibility under the Prevention of Money-Laundering regime

The **Reserve Bank of India (RBI)** vide its **Notification No. RBI/2025-26/164 dated December 29, 2025**, has issued the Small Finance Banks - Know Your Customer (KYC) Amendment Directions, 2025, effective immediately, to clearly allocate responsibility for customer KYC records maintained in the Central KYC Records Registry (CKYCR).

The amendment aligns the KYC framework with the Department of Revenue's clarification on ultimate responsibility under the Prevention of Money-Laundering regime. It provides that the regulated entity that last uploaded or updated a customer's KYC information in CKYCR is responsible for verifying the customer's identity and/or address.

Consequently, small finance banks that download and rely on such KYC records are not required to re-verify identity or address, provided the records are current and compliant with the PML Act and Rules.

However, the relying bank continues to remain responsible for all other customer due diligence obligations and compliance requirements under the KYC Directions. The amendment seeks to eliminate duplication, improve operational efficiency, and ensure clarity in accountability without diluting AML safeguards.

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