🔍 Training and Awareness

🎓 6.1 Staff Training & Awareness

📌 6.1.1 Need to Sensitise Staff

✓ An **effective KYC/AML program** requires involvement at **all levels of the bank**.

✓ **Every employee plays a role** in ensuring compliance with **PMLA regulations**.

✓ **Banks must ensure staff are well-trained** to understand and fulfil their AML responsibilities.

✓ **Senior Management & Board of Directors** must recognize that both the **bank and individual employees** are subject to penalties for non-compliance.

🏛 6.1.2 Staff Awareness

📌 **Importance of Awareness:**

✓ KYC/AML regulations impact **all aspects of banking**.

✓ **Continuous updates** are necessary due to **evolving compliance requirements**.

✓ Banks must adopt **multiple communication channels** to keep staff informed.

📌 **Table 6.1: Modes of Communication for Staff Awareness**

📣 Mode	🔍 Features
KYC/AML Policy	✓ Formal document approved by **Board** ✓ A **regulatory requirement** ✓ Defines **bank's internal KYC/AML norms** ✓ **Mandatory reading** for all employees
Manuals/SOPs	✓ Formal **guidelines for operations** ✓ Ensure **uniform compliance** ✓ Include **ML risk category** for products/processes ✓ Must be **updated periodically**
Regular Circulars	✓ Used for **quick dissemination** of updates ✓ Issued frequently in banks due to **regulatory nature** of banking ✓ Employees must **stay updated on new circulars**
Guidance Notes/FAQs	✓ Informal **explanations of AML guidelines** ✓ Help in **simplifying compliance requirements**

	✓ More **engaging & accessible** for staff
Flyers/EDMs	✓ **Brief, focused messages**
	✓ Used to **highlight critical AML aspects**
	✓ Placed at **strategic locations** (e.g., intranet, branch offices)

🏛 6.1.3 Staff Training

📌 6.1.3.1 Need & Coverage of Staff Training

✓ **Skill Development:**

- Employees must be **trained in KYC/AML policies & processes** to fulfil their responsibilities. ✓ **Training for All Levels:**

- Banks must implement **structured training programs** for **all staff levels**:
    - **Sales Personnel**
    - **Operational Staff**
    - **Controllers & Monitoring Staff**
    - **Business/Product Heads**
    - **Compliance & Audit Teams** ✓ Training for Board & **Senior Management:**

- Senior leaders must understand their role in:
    - **Developing KYC Policies**
    - **Ensuring a robust AML framework**

- o **Fulfilling obligations under PMLA ✓ Role-Specific Training:**

- **Different employees need different AML training**:

  - o **Frontline Staff** – Customer due diligence & KYC basics.

  - o **Compliance Officers** – Monitoring, reporting & risk assessment.

  - o **New Customer Onboarding Teams** – Enhanced due diligence procedures. **✓ Ongoing Training Requirements:**

- **Induction Training:**

  - o **Mandatory** for all new employees.

- **Role-Specific Training:**

  - o Required **whenever an employee takes on a new role**.

- **Periodic Refresher Training:**

  - o Required for **AML-related functionaries & sales/operations teams**.

  - o Recommended frequency: **Every 2–3 years**.

📊 Summary Table: KYC/AML Training & Awareness Initiatives

🎓 Training Type	📜 Target Audience	🔍 Purpose
Induction Training	All new employees	Familiarize with **basic KYC/AML obligations**
Role-Specific Training	Frontline, Compliance, Sales, Operations staff	Tailored to **specific AML responsibilities**
Refresher Training (2-3 Years)	Employees in AML/CFT roles	**Update on evolving AML risks & procedures**
Board & Senior Management Training	Directors & senior executives	**Policy development, compliance leadership**

🎓 6.1 Staff Training & Awareness

📌 6.1.3.2 Scope of Training Programmes

✓ **Training Differentiation:**

- AML training **must be tailored** to different functional levels.

- **General Topics** (applicable to all) & **Differentiated Topics** (specific to roles).

✓ **General Topics for All Staff Levels:**

- **Global concerns** about Money Laundering (ML) & Terrorism Financing (TF).

- **Banking vulnerabilities** & the **critical role of financial institutions**.

- **International AML/CFT Initiatives** (FATF, BCBS, APG, EAG, Wolfsberg Group).

- **Legal & Regulatory Obligations** under PMLA.

- **RBI & IBA Guidelines**.

- **Risk-Based Approach (RBA) to ML/TF**.

📌 **Table 6.2: AML Training Topics by Target Group**

🎯 **Target Group**	📃 **Key Training Aspects**
Board of Directors	✓ Responsibilities under PMLA & RBI Guidelines. ✓ KYC Policy & Key Elements. ✓ High-Risk Business Lines & Customer Categories.
Designated Director & Senior Management	✓ AML Strategy Development. ✓ Risk-Based AML/CFT Approach. ✓ IT & Organisational Setup for AML/CFT. ✓ Periodic Review of Online & Offline RFIs.

Corporate Office Teams	✔ KYC Policy & Organisational AML Setup. ✔ STR Typologies & Suspicious Transaction Indicators. ✔ High-Risk Customer & Product Categorization.
Principal Officer & KYC/AML Units	✔ FIU Reporting Responsibilities. ✔ KYC Policy Formulation. ✔ Transaction Monitoring System Design. ✔ STR Compilation & Submission Mechanisms. ✔ Handling AML Alerts (Online & Offline).
Business & Product Heads	✔ AML/CFT Aspects in Product Development. ✔ High-Risk Customer Groups. ✔ Compliance Integration in Business Processes.
Operations & Processing Units	✔ Customer Due Diligence (CDD) for Various Customer Types. ✔ Enhanced Due Diligence (EDD) for High-Risk Customers. ✔ Identification of Suspicious Transactions.

Zonal/Regional Controllers	✓ AML/CFT Responsibilities of Zonal Units. ✓ Customer & Transaction Monitoring. ✓ Identifying Recurring Suspicious Transactions.
Branch Level Staff	✓ KYC Compliance in Customer Interactions. ✓ Identifying & Reporting Suspicious Transactions. ✓ AML Monitoring in Walk-In Customers.
Sales Teams	✓ Due Diligence Procedures for New Customers. ✓ High-Risk Customer Screening & EDD. ✓ Identifying Red Flags in Customer Transactions.

🏛 6.1.4 Awareness & Training – Regulatory Obligation

📌 **Why Regulatory Training Matters?**

✓ **AML/CFT Staff Training is a Legal Obligation**.

✓ Regulatory authorities (RBI, FIU-IND) **assess staff training records** during AML investigations.

✓ **Failure to train staff adequately can result in compliance violations & penalties**.

✓ **Banks must maintain documented records** of AML/CFT training measures.

📌 **Key Documentation Requirements:**

✓ Training Attendance Records.

✓ Training Modules & Materials Used.

✓ Details of Staff Members Trained.

✓ Frequency & Updates to AML Training Programs.

📊 **Summary Table: AML/CFT Training Implementation**

🎓 Training Area	🎯 Target Audience	📜 Compliance Focus
Induction AML Training	All Employees	AML/CFT Fundamentals, Legal Framework
Role-Specific AML Training	Compliance Officers, Operations	STR Typologies, Due Diligence, AML Risk Monitoring

	Staff, Business Heads	
AML/CFT for Senior Management	Board Members, Designated Director	KYC Policy Oversight, High-Risk Business Categories
Refresher AML Training (Every 2-3 Years)	All Staff Involved in AML Processes	Updates on Evolving Money Laundering Risks
Regulatory Compliance Checks	Audit & Compliance Teams	Ensuring AML/CFT Training Records & Implementation

🎓 6.2 Customer Awareness

📌 6.2.1 Need for Customer Awareness

✓ **KYC/AML effectiveness depends on customer cooperation**.

✓ Many customers are reluctant to share **personal & financial information** due to **privacy concerns**.

✓ Lack of awareness leads to:

- Customers **not understanding ML/TF risks**.

- **Casual approach to providing KYC details**, reducing their effectiveness.

✓ **Key Awareness Topics:**

- **Negative impact** of Money Laundering (ML) & Terrorism Financing (TF).

- **Risks of banking systems being misused** for ML/TF.

- **How AML measures protect banks & customers**.

- **Why banks require customer information** for AML compliance.

🏛 6.2.2 Modes for Customer Awareness

📌 Customer awareness requires multiple outreach strategies for different customer segments.

✓ **Key Awareness Channels:**

- Direct Communication (Individual Customers).

- Targeted Messaging (Existing Customers).

- Mass Public Awareness (General Public).

📌 Table 6.3: KYC/AML Customer Awareness Approaches

🎯 Target Audience	📜 Awareness Strategy	💡 Implementation Methods

Individual Customers	Educate during account opening & transactions	✓ Sales & branch staff to explain KYC/AML importance. ✓ Awareness discussions during customer visits.
Existing Customers	Provide continuous updates & reminders	✓ Flyers via email & mail. ✓ Pop-up messages on **ATM screens & internet banking**. ✓ SMS alerts on KYC compliance. ✓ Customer Service Committee meetings.
Mass Public Awareness	Broader campaigns for public education	✓ Advertisements in **newspapers, TV, & radio**. ✓ Social media campaigns. ✓ Awareness **videos in bank branches & websites**. ✓ KYC/AML messages in **bank-sponsored public events**.