



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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December 19, 2012

Abhyudaya Co-operative Bank Ltd., Mumbai, Maharashtra - Penalised

The Reserve Bank of India has imposed a monetary penalty of ₹5.00 lakh (Rupees Five Lakh Only) on Abhyudaya Co-operative Bank Ltd., Mumbai, Maharashtra, in exercise of the powers vested in it under the provisions of Section 47A(1)(b) read with Section 46(4) of the Banking Regulation Act, 1949 (As Applicable to Cooperative Societies), for violation of instructions / guidelines of the Reserve Bank of India.

A special scrutiny conducted in the Vashi branch of the bank to check the operations in the account of M/s Speak Asia Online Private Limited, an online survey company, had revealed that the bank had violated KYC / AML guidelines issued vide para 3 of circular No. UBD.PCB/Cir.30/09.161.00/2004-05 dated December 15, 2004. The bank had also violated instructions contained in para 7 of circular No.UBD/BPD/Cir.38/09.16.100/2005-06 dated March 21, 2006 by freezing the account and thus tipping off the customer. It had also closed the audit trail by closing the account.

It was also observed that the bank had not adhered to KYC / AML guidelines on an earlier occasion involving RTGS transactions with Union Bank of India, Zaveri Bazar Branch. Thus there was evidence of recurrence of non-compliance in implementation of KYC norms.

The Reserve Bank of India had issued a show cause notice to the bank, in response to which the bank submitted a written reply. After considering the facts of the case and bank's reply in the matter, the Reserve Bank of India came to the conclusion that the violations were substantiated and classified as 'Major' which warranted imposition of penalty.

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