



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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June 10, 2013

**RBI penalises Axis Bank, HDFC Bank and ICICI Bank**

The Reserve Bank has imposed a monetary penalty on Axis Bank, HDFC Bank and ICICI Bank for violating Reserve Bank of India instructions. The details of the penalty are:

Bank	Penalty amount (₹ in lakh)
Axis Bank Ltd.	500.10
HDFC Bank Ltd.	450.00
ICICI Bank Ltd.	100.10

The penalties have been imposed in exercise of powers vested in the Reserve Bank under the provisions of Section 47(A)(1)( c ) read with Section 46(4)(i) of the Banking Regulation Act, 1949,

It may be recalled that the Reserve Bank of India had carried out a scrutiny of books of accounts, internal control, compliance systems and processes of these three banks at their corporate offices and some branches during March / April 2013 to investigate into the allegations of contravention of KYC/AML guidelines against them. The scrutiny of these three banks revealed violation of certain regulations and instructions issued by Reserve Bank of India, namely,

- non-observance of certain safeguards in respect of arrangement of “at par” payment of cheques drawn by cooperative banks,
- non-adherence to certain aspects of know your customer (KYC) norms and anti money laundering (AML) guidelines like risk categorisation and periodical review of risk profiling of account holders,
- Non-adherence of KYC for walk in customers including for sale of third party products, omission in filing of cash transaction reports (CTRs) in respect of some cash transactions, sale of gold coins for cash beyond Rs. 50000,
- not-obtaining of permanent account number (PAN) card details or form 60/61 as required,
- non-verification of source of funds credited to a few non-resident ordinary (NRO) accounts,
- failure to re-designate a few accounts as NRO accounts though required, non-submission of proper information called for by the reserve Bank, etc.

The investigation did not reveal any prima facie evidence of money laundering. However, any conclusive inference in this regard can be drawn only by an end to end investigation of the transactions by tax and enforcement agencies.

Based on the findings of the scrutiny, the Reserve Bank issued a show cause notice to each of these banks, in response to which the individual banks submitted written replies. After considering the facts of each case and individual bank's reply, as also, personal submissions, information submitted and documents furnished, the Reserve Bank came to the conclusion that some of the violations were substantiated and warranted imposition of monetary penalty as determined above.

A similar scrutiny was also conducted at the corporate offices of 36 other banks during April and May 2013. The process of follow up action in respect of these banks is at different stages of its completion.

**Press Release : 2012-2013/2071**

**Alpana Killawala**  
Chief General Manager