



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI penalises six banks

The Reserve Bank has imposed monetary penalty on the following six banks for violation of Reserve Bank of India instructions, inter alia, on Know Your Customer/Anti Money Laundering. The details of the penalty are:

Sl. No.	Name of the bank	Penalty Amount (in ₹ Crore)
1	Allahabad Bank	0.50
2	Bank of Maharashtra	0.501
3	Corporation Bank	1.50
4	Dena Bank	2.00
5	IDBI Bank Ltd.	1.00
6	Indian Bank	1.00

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.

In respect of IndusInd Bank Ltd. where such scrutiny has been conducted and the bank's explanation called for, based on written or oral submissions, as the bank's reply was found to be satisfactory or no violation of serious nature has been established; it has been decided not to impose any monetary penalty but only to issue suitable cautionary letter.

Background

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 banks at their offices during April and May 2013. The scrutiny of these banks revealed violation of certain regulations and instructions issued by Reserve Bank of India, namely,

- non-adherence to certain aspects of know your customer (KYC) norms and anti money laundering (AML) guidelines like customer identification procedure, risk categorisation, periodical review of risk profiling of account holders, periodical KYC updation

- non-adherence of KYC norms 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
- non-adherence to instructions on monitoring of transactions in customer accounts including walk-in-customers
- non-adherence to instructions which prohibit acceptance of cash above ₹ 50,000 from customers for sale of gold coins and issue of Demand Drafts etc.
- non-adherence to instructions on import of gold on consignment basis
- non-adherence to instructions on permitted credits to Non-resident accounts

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. The Reserve Bank penalised the [first of three banks on June 10, 2013](#) and [second lot of 22 banks on July](#).

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