

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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October 12, 2023

RBI imposes monetary penalty on Finquest Financial Solutions Private Limited, Mumbai, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated September 15, 2023, imposed a monetary penalty of ₹1.20 lakh (Rupees One lakh twenty thousand only) on Finquest Financial Solutions Private Limited, Mumbai (the company) for non-compliance with the directions issued by RBI on '[Know Your Customer \(KYC\) Directions, 2016](#)' and '[Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company \(Reserve Bank\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of clause (b) of sub-section (1) of Section 58G read with clause (aa) of sub-section (5) of Section 58B of the Reserve Bank of India Act, 1934.

This action is based on the deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the company with its customers.

Background

The statutory inspection of the company conducted by RBI with reference to its financial position as on March 31, 2021, and examination of the Risk Assessment Report (RAR) pertaining thereto revealed, *inter alia*, that the company did not (i) conduct the risk categorization of its borrowers, (ii) make good the shortfall in LTV ratio of 50% for loans granted against collateral of shares within 7 working days, and (iii) report data to all CICs as per the extant guidelines. In furtherance to the same, a notice was issued to the company advising it to show cause as to why penalty should not be imposed on it for failure to comply with the RBI directions, as stated therein.

After considering the company's reply to the notice, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.