



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 31, 2022

RBI imposes monetary penalty on The Pratap Co-operative Bank Ltd., Mumbai

The Reserve Bank of India (RBI) has, by an order dated October 17, 2022, imposed a monetary penalty of ₹6 lakh (Rupees Six lakh only) on The Pratap Co-operative Bank Ltd., Mumbai (the bank) for non-compliance with certain provisions of the '[Reserve Bank of India – \(Know Your Customer \(KYC\)\) Direction, 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of the Banking Regulation Act, 1949.

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 bank with its customers.

Background

The Statutory Inspection for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to bank's financial position as on March 31, 2021, and the examination of the Supervisory Letter and all related correspondences pertaining to the same revealed, inter alia, that the bank had failed to put in place (i) a system for periodic updation of KYC of accounts, (ii) a system of periodic review of risk categorisation of accounts and (iii) a robust software to throw alerts as part of effective identification and reporting of suspicious transactions. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the said directions, as stated therein.

After considering the bank'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.