


**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**
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**Reserve Bank of India imposes monetary penalty on Bank of Baroda  
and Indian Bank**

The Reserve Bank of India (RBI) has, by order dated November 18, 2019, imposed monetary penalty on Bank of Baroda for non-compliance with directions issued by RBI on collection of account payee cheques, reporting of frauds, opening of savings bank (SB) accounts, preservation of records of identification of customers and Know Your Customer (KYC)/ Anti-Money Laundering (AML) norms; and by order dated November 18, 2019, imposed monetary penalty on Indian Bank for non-adherence of norms for opening of SB accounts and KYC/ AML, as detailed below:

Sl. No.	Name of the bank	Amount of penalty (₹ in crore)
1.	Bank of Baroda	2.50
2.	Indian Bank	0.75

The penalties have been imposed in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) and section 51 (1) of the Banking Regulation Act, 1949, taking into account the failure of the banks to adhere to the aforesaid directions issued by RBI. 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 banks with their customers.

**Background**

RBI, based on receipt of certain complaints about misappropriation and fraudulent withdrawal of funds from the accounts of various government agencies/ departments through various accounts of a co-operative society maintained with the banks, carried out a scrutiny, which revealed, *inter alia*, non-compliance by the aforesaid banks with certain provisions of directions issued by RBI on collection of account payee cheques, reporting of frauds, opening of SB accounts, preservation of records of identification of customers, and KYC/ AML norms. Based on the findings, Notices were issued to the banks advising them to show cause as to why penalty should not be imposed for non-compliance with the above directions. After considering the replies received from the banks, and submissions made during the personal hearings, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions, to the extent of non-compliance in each bank, warranted imposition of monetary penalty.