



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

November 03, 2023

RBI imposes monetary penalty on Federal Bank Ltd

The Reserve Bank of India (RBI) has, by an order dated October 30, 2023, imposed a monetary penalty of ₹30 lakh (Rupees Thirty lakh only) on Federal Bank Ltd. (the bank) for non-compliance with certain directions contained in '[Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI conferred 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

A scrutiny of the bank was carried out by the RBI based on a complaint. The examination of scrutiny report and related correspondence in that regard, revealed, *inter alia*, non-compliance with the aforesaid directions by the bank, to the extent it issued some demand drafts, each for value of rupees fifty thousand and above, without incorporating the name of the purchaser on the face of it. Consequently, 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, and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty.