

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

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RBI imposes monetary penalty on Citibank N.A.

The Reserve Bank of India (RBI) has, by an order dated November 02, 2023, imposed a monetary penalty of ₹5.00 crore (Rupees Five crore only) on Citibank N.A. (the bank) for contravention of Section 26A of the Banking Regulation Act, 1949 (the BR Act) read with Paragraph 3 of 'The Depositor Education and Awareness Fund Scheme, 2014 – Section 26A of Banking Regulation Act, 1949 – Operational Guidelines', Section 10(1)(b)(ii) of the BR Act, and non-compliance with RBI Directions on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks' read with '[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 47A(1)(c) read with Section 46(4)(i) of the BR Act.

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 2021) of the bank was conducted by RBI with reference to its financial position as on March 31, 2021. The examination of the Risk Assessment Report/Inspection Report pertaining to ISE 2021, and all related correspondence in that regard, revealed, *inter alia*, contravention of the aforementioned provisions of the BR Act and non-compliance with the aforesaid directions by the bank to the extent it (i) failed to credit the eligible amount to Depositor Education and Awareness Fund within the prescribed time period, (ii) paid remuneration in the form of commission to its certain staff members, and (iii) outsourced monitoring and disposal / closure (decision making function) of AML (Anti-Money Laundering) alerts to a Group company. 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 direction, as stated therein.

After considering the bank's reply to the notice, additional information provided by the bank, and the oral submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charge of contravention of the provisions of the BR Act and non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.