

**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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December 19, 2022

RBI imposes monetary penalty on The Andhra Pradesh State Co-operative Bank Limited, Vijayawada

The Reserve Bank of India (RBI) has, by an order dated December 14, 2022, imposed a monetary penalty of ₹26,91,330.00 (Rupees Twenty-six Lakh Ninety-one Thousand Three Hundred and Thirty only) on The Andhra Pradesh State Co-operative Bank Limited (the bank), for non-compliance with the [Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#) as well as directions issued by RBI on 'Membership of Credit Information Companies (CICs)' and for non-compliance with directions issued by National Bank for Agriculture and Rural Development (NABARD) on 'Frauds - Guidelines for Classification, Reporting and Monitoring'. This penalty has been imposed in exercise of powers conferred on RBI under section 25(1)(iii) read with section 23(4) of the Credit Information Companies (Regulation) Act, 2005, and section 47A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949.

This action is based on 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 of the bank conducted by the NABARD with reference to the bank's financial position as on March 31, 2020 and examination of the Inspection Report as well as correspondence pertaining thereto revealed, *inter alia*, that the bank did not (i) put into use any robust software as a part of effective identification and reporting of suspicious transactions; (ii) submit data (including historic data) to all the four CICs as on March 31, 2020; and (iii) report cases of fraud to NABARD within the stipulated timeline. 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 statutory directions, as stated therein.

After considering the bank's reply to the notice, its additional submissions and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI and NABARD directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with such directions.