



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**Reserve Bank of India imposes monetary penalty on 36 banks**

The Reserve Bank of India (RBI) has imposed, by orders dated January 31, 2019 and February 25, 2019, monetary penalty for non-compliance with various directions issued by RBI on time-bound implementation and strengthening of SWIFT-related operational controls on 36 banks as detailed below:

Sr. No.	Name of the bank	Amount of penalty (in ₹ Million)
1.	Bank of Baroda	40
2.	Catholic Syrian Bank Limited	40
3.	Citibank N.A.	40
4.	Indian Bank	40
5.	Karnataka Bank Limited	40
6.	BNP Paribas	30
7.	City Union Bank Limited	30
8.	Indian Overseas Bank	30
9.	UCO Bank	30
10.	Union Bank of India	30
11.	United Bank of India	30
12.	Allahabad Bank	20
13.	Bank of Maharashtra	20
14.	Canara Bank	20
15.	DCB Bank Limited	20
16.	Dena Bank	20
17.	Jammu & Kashmir Bank Limited	20
18.	Oriental Bank of Commerce	20
19.	Syndicate Bank	20
20.	Bank of America N.A.	10
21.	Barclays Bank Plc	10
22.	Central Bank of India	10
23.	Corporation Bank	10
24.	DBS Bank Limited	10
25.	Deutsche Bank A.G.	10
26.	Hongkong and Shanghai Banking Corporation Limited	10
27.	ICICI Bank Limited	10
28.	IDBI Bank Limited	10
29.	IndusInd Bank Limited	10
30.	JP Morgan Chase Bank N.A.	10
31.	Karur Vysya Bank Limited	10
32.	Punjab & Sind Bank	10
33.	Standard Chartered Bank	10
34.	State Bank of India	10
35.	Tamilnad Mercantile Bank Limited	10
36.	YES Bank Limited	10

These penalties have 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 Banking Regulation Act, 1949, taking into account failure of the above banks to adhere to the aforesaid directions issued by RBI. 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 banks with their customers.

### **Background**

An assessment of compliance with RBI directions on implementation and strengthening of SWIFT-related operational controls of 50 major banks was carried out which revealed that banks had not complied with one or more of the major directions pertaining to (i) direct creation of payment messages in the SWIFT environment, (ii) implementation of Straight Through Processing (STP) between CBS/Accounting System and SWIFT system, (iii) ensuring that users entering/ passing/authorizing the transactions in CBS were different from those operating in SWIFT environment, (iv) independent reconciliation of logs generated from SWIFT with corresponding entry passed in the CBS/accounting system, (v) introduction of an additional layer of approval for all payment messages exceeding a particular threshold, and (vi) Nostro reconciliation on T+1/T+5 basis.

Based on the findings of the assessment and extent of non-compliance, Notices (SCNs) were issued to 49 banks advising them to show cause as to why penalty should not be imposed for non-compliance with directions issued by RBI as indicated therein. After considering the replies received from the banks, oral submissions made in the personal hearings, where sought by the banks, and examination of additional submissions, if any, RBI decided to impose monetary penalty on aforementioned 36 banks, based on the extent of non-compliance in each bank.

RBI will continue to closely monitor compliance with these controls on an ongoing basis.

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