



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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February 28, 2025

RBI imposes monetary penalty on The Hongkong and Shanghai Banking Corporation Limited

The Reserve Bank of India (RBI) has, by an order dated February 24, 2025, imposed a monetary penalty of ₹66.60 lakh (Rupees Sixty Six Lakh Sixty Thousand only) on The Hongkong and Shanghai Banking Corporation Limited (the bank) for non-compliance with certain directions issued by [RBI on 'Know Your Customer'](#), 'Reporting of Information on Unhedged Foreign Currency Exposures of the Borrowers to Credit Information Companies' and 'Interest Rates on Deposits'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47 A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 and Section 25 (1) (iii) read with Section 23 (4) of The Credit Information Companies (Regulation) Act, 2005.

The statutory Inspection for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2023. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said RBI directions.

After considering the bank's reply to the notice, additional submissions and oral submissions made during the personal hearing, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

- i) The bank had outsourced the disposal / closure of AML alerts to a Group company;
- ii) The bank did not report Unhedged Foreign Currency Exposures of certain borrowers to CICs; and
- iii) The bank had opened savings deposit accounts in the name of certain ineligible entities.

The action is based on deficiencies in statutory and regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.