



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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## Reserve Bank of India imposes monetary penalty on Citibank N.A.

The Reserve Bank of India (RBI) has imposed, by an order dated January 08, 2020, a monetary penalty of ₹4 crore (Rupees Four crore only) on Citibank N.A. (the bank) for contravention of Section 10 (1) (b) (ii) of Banking Regulation Act, 1949 (the Act) and for non-compliance with the directions issued by RBI on obtaining declaration from customers about credit facilities enjoyed with other banks, granting non-fund based facilities to non-constituent borrowers, verifying data available in CRILC database and obtaining No-Objection Certificate (NOC) from lending banks at the time of opening current accounts, and submission of compliance to risk assessment findings.

This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) of the Act, taking into account the failure of the bank to adhere to the aforesaid provision of the Act and the 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 bank with its customers.

### Background

The statutory inspection of the Indian operations of the bank with reference to its financial positions as on March 31, 2017 and March 31, 2018 and the Risk Assessment Reports (RARs) pertaining thereto revealed, *inter-alia*, contravention with the provisions of the Act and non-compliance with the above-mentioned directions issued by RBI. 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 for contravention of the provisions of the Act / failure to comply with the directions issued by RBI. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions, RBI concluded that the aforesaid charges of contravention with the provisions of the Act and non-compliance with RBI directions warranted imposition of monetary penalty.