



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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May 27, 2022

Reserve Bank of India imposes monetary penalty on MUFG Bank Ltd.

The Reserve Bank of India (RBI) has imposed, by an order dated May 25, 2022, a monetary penalty of ₹45 Lakh (Rupees Forty-five lakh only) on MUFG Bank Ltd. (the bank), for non-compliance with the directions issued by RBI on "Time-bound implementation and strengthening of SWIFT-related operational controls" dated February 20, 2018. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with sections 46 (4) (i) of the Banking Regulation Act, 1949 (the 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

An examination of the compliance position of the bank, revealed, *inter alia*, non-compliance with the aforesaid directions to the extent that the bank failed to put in place Straight Through Processing (STP) between Core Banking System (CBS)/ accounting system and SWIFT messaging system for transactions creating non-funded exposure / exposure with financial implications, within the time limit of April 30, 2018 prescribed under the said directions and to comply with the aforesaid requirements positively by July 31, 2021 mandated under the specific direction dated May 04, 2021 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 on it for non-compliance with the RBI direction, as stated therein.

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