



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 07, 2021

RBI imposes monetary penalty on Bank of India

The Reserve Bank of India (RBI) has imposed, by an order dated June 07, 2021, a monetary penalty of ₹4.00 crore (Rupees Four crore only) on Bank of India (the bank) for non-compliance with certain provisions of directions issued by RBI contained in the [“Master Circular on KYC norms/AML standards/ CFT / Obligation of banks under PMLA, 2002” dated July 1, 2014](#), circular on [“The Depositor Education and Awareness Fund Scheme, 2014 - Section 26A of Banking Regulation Act, 1949 - Operational Guidelines” dated May 27, 2014](#), [“Master Circular on Frauds – Classification and Reporting” dated July 02, 2012](#) and circular on [“Sale of Financial Assets of Doubtful Standard / Fraudulent Origin to Securitization Company \(SC\) / Reconstruction Company \(RC\) - Reporting Requirements” dated April 5, 2011](#). The 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) and Section 51 (1) of the Banking Regulation Act, 1949.

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

The statutory Inspection for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial position as on March 31, 2019. The bank had also conducted a review and submitted a Fraud Monitoring Report (FMR) dated January 1, 2019 pertaining to detection of fraud in an account. Examination of the risk assessment report pertaining to the ISE and the FMR revealed non-compliance with/contravention of the aforesaid directions, viz., breach of stipulated transaction limits; delay in transfer of unclaimed balances to DEA Fund; delay in reporting a fraud to RBI and sale of a fraudulent asset. In furtherance to the same, a notice was issued to the bank advising it to show cause why penalty should not be imposed on it for such violations of the said directions.

After considering the bank's reply to the notice, oral submissions made in the personal hearing and examination of additional submissions submitted by the bank, RBI came to the conclusion that the charges of non-compliance with/contravention of the aforesaid RBI directions were substantiated and warranted imposition of monetary penalty.