



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in



संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

May 31, 2024

RBI imposes monetary penalty on SBM Bank (India) Limited

The Reserve Bank of India (RBI) has, by an order dated April 10, 2024, imposed a monetary penalty of ₹88.70 lakh (Rupees Eighty Eight Lakh Seventy Thousand only) on SBM Bank (India) Ltd. (the bank) for non-compliance with licensing conditions imposed by the RBI, and specific RBI directions to stop undertaking Liberalised Remittance Scheme (LRS) transactions with immediate effect. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of section 47A(1)(c) read with sections 46 (4)(i) of the Banking Regulation Act, 1949.

Based on the supervisory findings of non-compliance with RBI directions/conditions and related correspondence in that regard, two separate notices were 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 directions/conditions. After considering the bank's reply to the notices, additional submissions made by it, 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. The bank (i) engaged Business Correspondents for establishing account-based relationship with customers from certain regions, despite its request being not acceded to by RBI, and (ii) processed certain transactions under Liberalised Remittance Scheme, despite RBI directions to stop such transactions with immediate effect.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions 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.

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(Puneet Pancholy)
Chief General Manager