

**भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA**वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

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June 26, 2023

**RBI imposes monetary penalty on Uttar Pradesh Co-operative Bank Limited,
Lucknow**

The Reserve Bank of India (RBI) has, by an order dated June 23, 2023, imposed a monetary penalty of ₹28,00,000/- (Rupees Twenty-Eight Lakh only) on Uttar Pradesh Co-operative Bank Limited, Lucknow (the bank), for non-compliance with the [Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#) and the directions of RBI on “Customer Service in State / District Central Co-operative Banks (StCBs / DCCBs)”. This penalty has been imposed in exercise of powers conferred on RBI under section 47A (1) (c) read with sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949 (BR Act).

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 bank conducted by NABARD with reference to the bank’s financial position as on March 31, 2020 and examination of the Inspection Report and all related correspondence pertaining to the same revealed, *inter alia*, that the bank (i) failed to put into use any robust software as a part of effective identification and reporting of suspicious transactions; and (ii) levied penal charges for non-maintenance of minimum balances in inoperative accounts, during the financial year 2019-20. Consequently, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for failure to comply with the aforesaid directions.

After considering the bank’s reply to the notice, additional submissions made by it and oral submissions made during the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid directions issued by RBI was substantiated and warranted imposition of monetary penalty.