

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

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April 08, 2022

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

The Reserve Bank of India (RBI) has imposed, by an order dated April 07, 2022, a monetary penalty of ₹93 Lakh (Rupees Ninety-three Lakh only) on Axis Bank Ltd. (the bank) for non-compliance with certain directions issued by RBI on 'Loans and Advances – Statutory and Other Restrictions', 'Reserve Bank of India (Financial Services provided by Banks) Directions, 2016', 'Reserve Bank of India ([Know Your Customer \(KYC\) Directions, 2016](#))', and 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts'. 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 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

The Statutory Inspection for Supervisory Evaluation of the bank was conducted by RBI with reference to its financial position as on March 31, 2020, and the examination of the Risk Assessment Report, Inspection Report and all related correspondence pertaining to the same, revealed, *inter-alia*, non-compliance with the aforesaid directions issued by RBI to the extent the bank (i) did not maintain the prescribed margin in case of intraday facilities sanctioned to stockbrokers, (ii) followed restrictive practices in sale of insurance products to customers, (iii) failed to verify the copy of officially valid documents so produced by the clients, with the originals, while establishing account based relationships, (iv) had instances of customer IDs having multiple CIFs instead of a Unique Customer Identification Code (UCIC), and (v) levied penal charges for non-maintenance of minimum balance in savings bank accounts, not directly proportionate to the extent of the shortfall observed. 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 failure to comply with the said directions, as stated therein.

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