

**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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Reserve Bank of India imposes monetary penalty on IDBI Bank Limited

The Reserve Bank of India (RBI) has imposed, by an order dated April 07, 2022, a monetary penalty of ₹90 Lakh (Rupees Ninety Lakh only) on IDBI Bank Limited (the bank) for non-compliance with the directions issued by RBI on "Frauds - classification and reporting by commercial banks and select FIs", "Strengthening the Controls of Payment Ecosystem between Sponsor Banks and SCBs/UCBs as a Corporate Customer" and "Cyber Security Framework in Banks". 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

The Statutory Inspections for Supervisory Evaluation of the bank were conducted by RBI with reference to its financial positions as on March 31, 2017, March 31, 2018 and March 31, 2019, and the examination of the respective Risk Assessment Report, Inspection Report and all related correspondences pertaining to the same, and also the reported incident of multiple fraudulent transactions over two days on June 08 & 09, 2019 in the accounts of two corporate Net banking customers (Co-operative banks) and the related correspondences in that regard, revealed, *inter alia*, non-compliance with the aforesaid directions to the extent it (i) reported frauds to RBI with delay (ii) submitted Flash Reports in respect of frauds involving an amount of ₹5 crore and above to RBI with delay and (iii) failed to implement time restrictions on holidays and data access control for corporate net banking to put through fund transfer resulting in unauthorized debit transactions in the account of two co-operative banks. 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 directions, as stated therein.

After considering the bank's reply to the notice, oral submissions made during the personal hearing and additional submissions made by it, RBI came to the conclusion that the 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.