

**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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RBI imposes monetary penalty on The Karnataka State Co-operative Apex Bank Ltd., Bengaluru

The Reserve Bank of India (RBI) has, by an order dated April 11, 2023, imposed a monetary penalty of ₹23.23 lakh (Rupees Twenty Three Lakh and Twenty Three Thousand only) on The Karnataka State Co-operative Apex Bank Ltd. (the bank), for non-compliance with the [Reserve Bank of India \(Know Your Customer \(KYC\)\) Directions, 2016](#) as well as directions issued by RBI on 'Membership of Credit Information Companies (CICs)'. 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 and section 25(1)(iii) read with section 23(4) of the Credit Information Companies (Regulation) Act, 2005.

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 as well as correspondence pertaining thereto revealed, inter alia, that during the financial year 2019-20, the bank did not (i) undertake risk categorization of customers; (ii) put in to use any robust software as a part of effective identification and reporting of suspicious transactions; and (iii) submit data to all the four CICs regularly (at monthly or shorter intervals). 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 statutory directions, as stated therein.

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