



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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September 01, 2021

## Reserve Bank of India imposes monetary penalty on Axis Bank Limited

The Reserve Bank of India (RBI) has imposed, by an order dated September 01, 2021, a monetary penalty of **₹25 lakh** (Rupees Twenty five lakh only) on Axis Bank Limited (the bank) for contravention of/non-compliance with certain provisions of directions issued by RBI contained in the [Reserve Bank of India – \(Know Your Customer \(KYC\)\) Direction, 2016](#). The penalty has been imposed in exercise of powers vested in RBI under provisions of section 47A(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**

A scrutiny was carried out by RBI during February 2020 and March 2020 in a customer account maintained with the bank and it was observed that the bank had failed to comply with the aforesaid directions issued by RBI, i.e., the bank failed to monitor/carry out on-going due diligence in the said account to ensure that the transactions were consistent with its knowledge about the customer, customer's business and risk profile. In furtherance to the same, a notice was issued to the bank advising it to show cause why penalty should not be imposed on it for contravention of the said directions, as stated therein.

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

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(Yogesh Dayal)  
Chief General Manager