



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI imposes monetary penalty on Industrial Bank of Korea

The Reserve Bank of India (RBI) has, by an order dated September 07, 2022, imposed a monetary penalty of ₹36 lakh (Rupees Thirty-six lakh only) on Industrial Bank of Korea (the bank) for non-compliance with certain provisions of the '[Reserve Bank of India – \(Know Your Customer \(KYC\)\) Direction, 2016](#)'. 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.

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 (ISE) of the bank was conducted by RBI with reference to bank's financial position as on March 31, 2020, and the examination of the Risk Assessment Report and all related correspondences pertaining to the same revealed, *inter alia*, that the bank failed to put in place a system of periodic review of risk categorization of accounts. 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 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, to the extent of non-compliance with such directions.

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(Yogesh Dayal)
Chief General Manager