



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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August 16, 2024

RBI imposes monetary penalty on Bank of Maharashtra

The Reserve Bank of India (RBI) has, by an order dated August 8, 2024, imposed a monetary penalty of ₹1,27,20,000/- (Rupees One Crore Twenty Seven Lakh and Twenty Thousand only) on Bank of Maharashtra (the bank) for non-compliance with certain directions issued by RBI on 'Loan System for Delivery of Bank Credit', 'Cyber Security Framework in Banks' and '[Know Your Customer](#)'. This penalty has been imposed in exercise of powers vested in RBI conferred under the provisions of section 47A(1)(c) read with sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949.

The Statutory Inspection for Supervisory Evaluation (ISE 2023) of the bank with reference to its financial position as on March 31, 2023 and Information Technology (IT) examination of the bank in May 2023 were conducted by RBI. Based on supervisory findings of non-compliance with RBI directions, and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why maximum penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice, oral submissions made during the personal hearing and examination of additional submissions made by it, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty. The bank (i) failed to ensure that the minimum outstanding 'loan component' was, at least, the specified percentage of the sanctioned fund based working capital limit for certain borrowers, (ii) failed to implement fraud risk management system across all delivery channels (iii) had allotted multiple customer identification code to certain customers instead of a Unique Customer Identification Code (UCIC) for each customer and (iv) had allowed operations in certain small accounts that did not meet the regulatory requirement.

The action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transactions or agreement entered into by the bank with its customers. Further, imposition of monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.