



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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January 12, 2024

## **RBI imposes monetary penalty on ESAF Small Finance Bank Limited**

The Reserve Bank of India (RBI) has, by an order dated January 05, 2024 imposed a monetary penalty of ₹29.55 Lakh (Rupees Twenty Nine Lakh and Fifty Five Thousand only) on ESAF Small Finance Bank Limited (the bank) for non-compliance with the directions issued by RBI on 'Customer Service in Banks'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47A(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 2022) of the bank was conducted by RBI with reference to its financial position as on March 31, 2022. The examination of the Risk Assessment Report (RAR) pertaining to ISE 2022, and all related correspondence in that regard, revealed, *inter alia*, non-compliance with the aforesaid directions by the bank to the extent it (i) allowed its certain Basic Savings Bank Deposit (BSBD) account holders to open savings bank deposit account; and (ii) failed to close certain savings bank deposit accounts within thirty days from the date of opening of BSBD accounts for such customers. Consequently, 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.