



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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July 15, 2019

Reserve Bank of India imposes monetary penalty on State Bank of India

The Reserve Bank of India (RBI) has imposed, by an order dated July 15, 2019, monetary penalty of ₹70 million on State Bank of India (the bank) for non-compliance with the directions issued by RBI on (i) Income Recognition and Asset Classification (IRAC) norms (ii) code of conduct for opening and operating current accounts and reporting of data on Central Repository of Information on Large Credits (CRILC), and (iii) fraud risk management and classification and reporting of frauds. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47A (1)(c) read with sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949 (the Act).

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 with reference to its financial position as on March 31, 2017 revealed, *inter alia*, non-compliance with directions issued by RBI on IRAC norms, sharing of information about customers with other banks, reporting of data on CRILC, fraud risk management, and classification and reporting of frauds. Based on the inspection report and other relevant documents, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for non-compliance with directions issued by RBI. After considering the bank's reply and oral submissions made in the personal hearing, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.

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Yogesh Dayal
Chief General Manager