



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI imposes Monetary Penalty on Indian Overseas Bank

The Reserve Bank of India (RBI) has imposed, on February 27, 2018, a monetary penalty of ₹ 20 million on Indian Overseas Bank (the bank) for non-compliance with the directions issued by RBI on Know Your Customer (KYC) norms. 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, taking into account failure of the bank to adhere to the aforesaid directions/guidelines issued by RBI.

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

A fraud was detected in one of the branches of Indian Overseas Bank. The examination of the documents, including the bank's internal inspection report, revealed, *inter alia*, non-compliance with the directions issued by RBI on Know Your Customer (KYC) norms. Based on the documents, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with directions issued by RBI. After considering the bank's reply, oral and written submissions made in the personal hearing, as also the additional information and documents furnished, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions/ guidelines were substantiated and warranted imposition of monetary penalty.

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