



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Reserve Bank of India imposes monetary penalty on Corporation Bank

The Reserve Bank of India (RBI) has imposed, by an order dated July 31, 2019, monetary penalty of ₹ One Crore on Corporation Bank (the bank) for non-compliance with the directions issued by RBI on (i) Cyber Security Framework in Banks and (ii) Frauds Classification and Reporting by commercial banks and select FIs.

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 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

A report of cyber security incident submitted by the bank about fraudulent transactions using a cancelled debit card revealed that the bank had failed to comply with the directions issued by RBI on Cyber Security Framework in Banks and Frauds Classification and Reporting by commercial banks and select FIs. 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 the 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.