

**भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA**वेबसाइट : [www.rbi.org.in/hindi](http://www.rbi.org.in/hindi)Website : [www.rbi.org.in](http://www.rbi.org.in)ई-मेल/email : [helpdoc@rbi.org.in](mailto:helpdoc@rbi.org.in)

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

June 12, 2023

**RBI imposes monetary penalty on The Co-operative Bank of Rajkot Ltd.,  
Rajkot (Gujarat)**

The Reserve Bank of India (RBI) has, by an Order dated June 05, 2023, imposed a monetary penalty of ₹10.00 lakh (Rupees ten lakh only) on The Co-operative Bank of Rajkot Ltd., Rajkot (Gujarat) (the bank) for contravention of directions issued by RBI on 'Reporting of unauthorised transactions by customers to banks', 'Names as Appearing in the Certificate of Registration and the Licence - Use of - Primary (Urban) Co-operative Banks (UCBs)' and 'Frauds in UCBs: Changes in Monitoring and Reporting mechanism'. This penalty has been imposed in exercise of powers vested in the RBI under the provisions of Section 47 A (1) (c) read with Sections 46 (4) (i) and 56 of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid directions 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**

The statutory inspection of the bank conducted by RBI with reference to the bank's financial position as on March 31, 2022, and examination of the Inspection Report, Risk Assessment Report and all related correspondence pertaining to the same revealed, *inter alia*, that the bank had (a) (i) not provided a direct link for lodging the complaints with specific option to report unauthorised electronic transactions on home page of its website (ii) not provided 24x7 access through multiple channels for reporting unauthorised electronic transactions that had taken place and/ or loss or theft of payment instrument such as card, etc., (iii) not enabled customers to instantly respond by "Reply" to the SMS and e-mail alert sent by the bank; (b) used abridged form of its name in social media posts on multiple occasions wherein the full name of bank as appearing in the banking license was not displayed prominently and also the font size used for full name was smaller than the one used for abbreviated name; and (c) not reported a fraud case to RBI within prescribed timeline, resulting in contravention of aforesaid directions issued by RBI. In furtherance to the same, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed for contravention of the aforesaid directions issued by RBI.

After considering the bank's reply to the notice, submissions made during the personal hearing, RBI came to the conclusion that the aforesaid charges were substantiated and warranted imposition of monetary penalty.