



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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June 19, 2023

**RBI imposes monetary penalty on The Urban Co-operative Bank Ltd.,
Rourkela (Odisha)**

The Reserve Bank of India (RBI) has imposed, by an order dated June 09, 2023, a monetary penalty of ₹6.00 lakh (Rupees Six lakh only) on The Urban Co-operative Bank Limited, Rourkela (the bank) for contravention of/ non-adherence with the directions issued by RBI on Know Your Customer (KYC) and Maintenance of Deposit Accounts – Primary (Urban) Co-operative Banks. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 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 inspection report of the bank based on its financial position as on March 31, 2021, revealed, inter alia, that the bank failed to i) ensure appropriate Customer Due Diligence when it did not obtain necessary documents regarding nature and proof of business ii) adhere to instructions pertaining to customer identification when it allowed transactions in accounts without confirming local address of constituents iii) adhere to instructions pertaining to issue of cheque books. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's reply, oral submissions made during the personal hearing and additional submissions made by the bank after 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.