



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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**RBI penalises 13 Banks for violating KYC Norms**

The Reserve Bank of India has imposed monetary penalty on the following banks for violation of regulatory directions / instructions / guidelines, among other things, on KYC norms. The details of the penalty are:

S. No.	Name of the bank	Penalty Amount (in ₹ million)
1.	Allahabad Bank	20
2.	Bank of India	10
3.	Bank of Baroda	50
4.	Canara Bank	20
5.	Corporation Bank	10
6.	HDFC Bank	20
7.	IndusInd Bank	20
8.	Punjab National Bank	30
9.	RBL Bank	10
10.	SBBJ	20
11.	SBM	10
12.	Syndicate Bank	30
13.	UCO Bank	20

Eight other banks, namely, Axis Bank, Federal Bank, ICICI Bank, Kotak Mahindra Bank, OBC, Standard Chartered Bank, SBI and Union Bank of India have been advised to put in place appropriate measures and review them from time to time to ensure strict compliance of KYC requirements and FEMA provisions on an ongoing basis.

The penalties have been imposed in exercise of powers vested in the Reserve Bank under the provisions of Section 47(A) (1) (c) read with Section 46(4)(i) of the Banking Regulation Act, 1949, taking into account the violations of the instructions/directions/guidelines issued by the Reserve Bank from time to time. 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 and its customers.

## **Background**

On the basis of inputs received from a public sector bank, the Reserve Bank undertook a scrutiny on advance import remittances in 21 banks in October/November 2015. The scrutiny examined the alleged irregularities in opening and monitoring of accounts including violations under FEMA provisions. It also looked into the effectiveness of systems and processes for implementation of KYC norms / AML standards. The findings revealed weaknesses in the internal control systems, management oversight and violation of certain regulatory guidelines issued by the Reserve Bank as detailed below:

- non-adherence to KYC requirements like customer identification and risk categorisation
- non-adherence to the Reserve Bank's instructions on monitoring of transactions in customer accounts and prompt filing of STRs
- non-adherence to the directions / guidelines issued under FEMA provisions

Based on the findings, the Reserve Bank issued a show cause notice to 21 banks. After considering their replies, the facts of each case, as also personal submissions, information submitted and documents furnished, the Reserve Bank came to the conclusion that some of the violations of serious nature were substantiated and warranted imposition of monetary penalty on thirteen banks, as the failure on the part of these banks to take timely remedial measures had aggravated the seriousness of the contraventions and its impact.

In respect of eight other banks, as detailed above, based on written and oral submissions, it was decided to advise them to put in place appropriate measures and review the same from time to time to ensure strict adherence to KYC / AML requirements as well as FEMA provisions on an ongoing basis.

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