



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI penalises 22 Banks

The Reserve Bank of India has imposed monetary penalty on the following 22 banks for violation of its instructions, among other things, on Know Your Customer/Anti Money Laundering. The details are:

Monetary Penalty

| Sl. No. | Name of the bank | Penalty Amount (in ₹ crore) |
|---------|------------------------------|-----------------------------|
| 1 | Andhra Bank | 2.50 |
| 2 | Bank of Baroda | 3.00 |
| 3 | Bank of India | 3.00 |
| 4 | Canara Bank | 3.001 |
| 5 | Central Bank of India | 3.00 |
| 6 | Deutsche Bank A.G. | 1.00 |
| 7 | Development Credit Bank Ltd. | 1.00 |
| 8 | Dhanlaxmi Bank Ltd. | 2.00 |
| 9 | Indian Overseas Bank | 3.002 |
| 10 | ING Vysya Bank Ltd. | 1.50 |
| 11 | Jammu & Kashmir Bank Ltd. | 2.501 |
| 12 | Kotak Mahindra Bank Ltd. | 1.501 |
| 13 | Oriental Bank of Commerce | 2.00 |
| 14 | Punjab and Sind Bank | 2.50 |
| 15 | Punjab National Bank | 2.50 |
| 16 | State Bank of India | 3.00 |
| 17 | The Federal Bank Ltd. | 3.00 |
| 18 | The Lakshmi Vilas Bank Ltd. | 2.50 |
| 19 | The Ratnakar Bank Ltd. | 0.50 |
| 20 | United Bank of India | 2.50 |
| 21 | Vijaya Bank | 2.00 |
| 22 | Yes Bank Ltd. | 2.00 |

In respect of seven other banks, as indicated below, where such scrutinies have been conducted and banks' explanation called for, the banks' written or oral submissions were found to be satisfactory or no violation of serious nature has been established. It has, therefore, been decided not to impose any monetary penalty but to issue only suitable cautionary letters.

Cautionary Letter

| Sl. No. | Name of the bank |
|---------|---------------------------------------|
| 1 | Barclays Bank PLC |
| 2 | BNP Paribas |
| 3 | Citibank N.A. |
| 4 | Royal Bank of Scotland |
| 5 | Standard Chartered Bank |
| 6 | State Bank of Patiala |
| 7 | The Bank of Tokyo Mitsubishi UFJ Ltd. |

A similar scrutiny was also conducted in seven other banks during April and May 2013. The process of follow up action in respect of those banks is at different stages of its completion.

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.

Background

It may be recalled that the Reserve Bank of India had carried out a scrutiny of books of accounts, internal control, compliance systems and processes of these banks at their offices during April 2013. The scrutiny of these banks revealed violation of certain regulations and instructions issued by the Reserve Bank of India, namely,

- non-adherence to certain aspects of know your customer (KYC) norms and anti money laundering (AML) guidelines like customer identification procedure, risk categorisation, periodical review of risk profiling of account holders, periodical KYC updation;
- non-adherence of KYC for walk in customers including for sale of third party products, omission in filing of cash transaction reports (CTRs) in respect of some cash transactions, sale of gold coins for cash beyond ₹ 50,000;
- non-adherence to instructions on monitoring of transactions in customer accounts;
- non-adherence to instructions on classification of accounts as 'in-operative'/dormant and lapses in monitoring of transactions in dormant accounts;
- non-adherence to instructions which prohibits acceptance of cash above ₹50,000 from customers for sale of gold coins and issue of Demand Drafts, etc.;
- non-adherence to instructions on the upper limit for remittances under Liberalised Remittance Scheme, upper limit for repatriation of funds from non resident ordinary (NRO) accounts;
- non-adherence to instructions on import of gold on consignment basis.

The investigation did not reveal any prima facie evidence of money laundering. However, any conclusive inference in this regard can be drawn only by an end to end investigation of the transactions by tax and enforcement agencies.

Based on the findings of the scrutiny, the Reserve Bank issued a show cause notice to each of these banks, in response to which the individual banks submitted written replies. After considering the facts of each case and individual bank's reply, as also, personal submissions, information submitted and documents furnished, the Reserve Bank came to the conclusion that some of the violations were substantiated and warranted imposition of monetary penalty. The Reserve Bank penalised the first lot of three banks, on [June 10, 2013](#).

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