



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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January 29, 2020

Reserve Bank of India imposes monetary penalty on HDFC Bank Limited

The Reserve Bank of India (RBI) has, by an order dated January 29, 2020, imposed a monetary penalty of ₹1 crore on HDFC Bank Limited for non-compliance with [Master Direction on Know Your Customer dated February 25, 2016 \(updated as on December 08, 2016\)](#) (Direction).

The 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) of the Banking Regulation Act, 1949, taking into account the failure of the bank to adhere to the aforesaid direction issued by RBI. 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

Based on the observations made during the on-site Inspection for Supervisory Evaluation of HDFC Bank Ltd undertaken by RBI for the financial year ended March 31, 2017, a scrutiny of 39 current accounts opened by its customers for bidding in Initial Public Offer was conducted by RBI which revealed, inter alia, that the bank had failed to exercise ongoing due diligence in those accounts. It was observed that the transactions effected in these current accounts were disproportionate to the declared income and profile of the customers.

On the above basis, a notice was issued to the bank to show cause as to why penalty should not be imposed for non-compliance with the direction. After considering the reply received from the bank and oral submissions made in the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with the direction was sustained and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager