



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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Department of Communication, Central Office, S.B.S.Marg, Fort, Mumbai-400001

फोन/Phone: 022- 22660502

October 18, 2021

Reserve Bank of India imposes monetary penalty on State Bank of India

The Reserve Bank of India (RBI) has, by an order dated October 18, 2021, imposed a monetary penalty of **₹1 crore** (Rupees One Crore only) on State Bank of India (the bank) for non-compliance with the directions contained in '[Reserve Bank of India \(Frauds classification and reporting by commercial banks and select FIs\) directions 2016](#)'. This penalty has been imposed in exercise of powers vested in RBI under the provisions of section 47A (1) (c) read with sections 46(4)(i) and 51(1) of the Banking Regulation Act, 1949.

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

A scrutiny was carried out by the RBI in a customer account maintained with the bank and the examination of the scrutiny report and all related correspondence pertaining to the same, revealed, *inter alia*, non-compliance with the aforesaid directions to the extent of delay in reporting of fraud in the said account to RBI. In furtherance to the same, a notice was issued to the bank advising it to show cause why penalty should not be imposed on it for such non-compliance with the said directions.

After considering the bank's reply to the notice and oral submissions made by the bank in the personal hearing, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty, to the extent of non-compliance with the aforesaid directions.

Press Release: 2021-2022/1060

(Yogesh Dayal)
Chief General Manager

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October 18, 2021

**Reserve Bank of India imposes monetary penalty on
Standard Chartered Bank – India**

The Reserve Bank of India (RBI) has, by an order dated October 18, 2021, imposed a monetary penalty of ₹1.95 crore (Rupees One Crore and Ninety-five Lakh only) on Standard Chartered Bank - India (the bank) for non-compliance with the directions issued by RBI on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions', 'Cyber Security Framework in Banks', 'Credit Card Operations of banks' read with 'Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks' and 'Creation of a Central Repository of Large Common Exposures - Across Banks' read with 'Central Repository of Information on Large Credits (CRILC) – Revision in Reporting'. 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) of the Banking Regulation Act, 1949.

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

The Statutory Inspection for Supervisory Evaluation (ISE) of the bank was conducted by RBI with reference to its financial position as on March 31, 2020, and the examination of the Risk Assessment Report, Inspection Report and all related correspondence pertaining to the same, revealed, *inter-alia*, non-compliance with the above-mentioned directions to the extent of (i) failure to credit (shadow reversal) the amount involved in the unauthorised electronic transactions, (ii) not reporting cyber security incident within the prescribed time period, (iii) authorising the direct sales agents (outsourced third party) to conduct KYC verification, and (iv) failure to ensure integrity and quality of data submitted in CRILC. 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 on it for contravention of / non-compliance with the afore-said directions, as stated therein.

After considering the bank's replies to the notice, oral submissions made during the personal hearing, and additional submissions made by the bank, RBI came to the conclusion that the charge of contravention of / non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank, to the extent of non-compliance with the aforesaid directions.