

**भारतीय रिज़र्व बैंक**
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RBI imposes monetary penalty on Dhule and Nandurbar Jilha Sarkari Nokaranchi Sahakari Bank Ltd, Dhule (Maharashtra)

The Reserve Bank of India (RBI) has imposed, by an order dated April 27, 2023, a monetary penalty of ₹1.00 lakh (Rupees One lakh only) on Dhule and Nandurbar Jilha Sarkari Nokaranchi Sahakari Bank Ltd., Dhule (Maharashtra) (the bank) for contravention of/ non-compliance with the directions issued by the RBI to Urban Co-operative Banks on Know Your Customer (KYC). 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 Risk Assessment Report of the bank based on its financial position as on March 31, 2021, revealed, *inter alia*, that the bank had (i) not carried out periodical review of risk categorization of accounts, (ii) not carried out periodic updation of KYC of its customers as per risk categorisation and, (iii) no system to generate alerts for monitoring and reporting suspicious transactions, in contravention of/ non-compliance with the aforesaid directions issued by RBI. 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 replies, oral submissions made during personal hearing and additional submissions made thereafter, RBI came to the conclusion that the aforesaid charges of non-compliance with RBI directions were substantiated and warranted imposition of monetary penalty.