

RBI slaps Rs 27-cr fine on 13 banks in forex case

Asks 8 banks to tighten regulatory compliance

Abhijit Lele & PTI | Mumbai July 28, 2016 Last Updated at 00:30 IST



The Reserve Bank of India (RBI) has imposed a combined Rs 27-crore penalty on 13 public and private sector banks — including Canara Bank, IndusInd Bank and RBL Bank — for violating Know Your Customer (KYC) and anti-money laundering (AML) norms.

It asked eight others —

including State Bank of India, ICICI Bank, Axis Bank, Standard Chartered Bank, Federal Bank and Kotak Mahindra bank — to stake steps to ensure strict compliance of KYC norms and norms under the Foreign Exchange Management Act (Fema).

The trigger for the regulator's action was the Rs 6,000-crore foreign exchange scam unearthed at Bank of Baroda (BoB) last year. However, later these accounts were traced to HDFC Bank, where the fraud was believed to have originated. As part of this scam, funds were transferred to accounts in Hong Kong for certain import transactions that were not carried out. Of those banks which have been fined, HDFC Bank, BoB and Punjab National Bank had already been informed about the RBI action.

RBI, in a statement, said the action against the banks was based on deficiencies in regulatory compliance. It was not intended to pronounce upon the validity of any transaction or agreement entered into by the bank and its customers. RBI undertook a scrutiny on advance import

remittances at 21 banks in October and November 2015. The scrutiny covered the alleged irregularities in opening and monitoring of accounts, including violations under Fema provisions.

It also looked at 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, RBI said.

LENDERS PENALISED

Bank	Fine ₹ crore
Bank of Baroda	5
PNB	3
Syndicate Bank	3
UCO Bank	2
HDFC Bank	2
Allahabad Bank	2
Canara Bank	2
IndusInd Bank	2
SBBJ	2
Bank of India	1
Corporation Bank	1
RBL Bank	1
SBM	1

Note: PNB stands for Punjab National Bank; SBBJ for State Bank of Bikaner and Jaipur; SBM for State Bank of Mysore
Source: PTI