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RBI imposes monetary penalty on Shreeji Bhatia Cooperative Bank Ltd., Mumbai, Maharashtra

The Reserve Bank of India (RBI) has, by an order dated July 03, 2023, imposed a monetary penalty of ₹1.00 lakh (Rupees One Lakh only) on Shreeji Bhatia Cooperative Bank Ltd., Mumbai (the bank) for non-compliance with specific directions issued by RBI under the Supervisory Action Framework (SAF) and '**Reserve Bank of India (Know Your Customer (KYC)) 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 56 of the Banking Regulation Act, 1949 (BR Act).

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 statutory inspection of the bank conducted by RBI with reference to its financial position as on March 31, 2022, and examination of the Risk Assessment Report and all related correspondence pertaining to the same, revealed, inter alia, that the bank had incurred capital expenditure without prior approval of RBI in violation of SAF directions and had not conducted periodic review of risk categorization of its existing customers. 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 for contraventions of the directions, as stated therein.

After considering the bank's written reply to the notice, RBI came to the conclusion that the charge of non-compliance with the aforesaid RBI directions was substantiated and warranted imposition of monetary penalty on the bank.

(Yogesh Dayal)
Chief General Manager

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