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# RBI imposes Rs 2 lakh penalty on Kapadwanj People's Co-operative Bank

By PTI | Updated: Feb 15, 2016, 07.28 PM IST

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MUMBAI: [RBI](#) today imposed a penalty of Rs 2 lakh on the [Kapadwanj People's Co-operative Bank](#) for violation of norms, including those on advances and [KYC](#).

The penalty has been imposed for violations of operational instructions and guidelines "on extending loans and advances to directors/their relatives/concerns... know your customer (KYC)/anti-money laundering (AML) norms and implementation of core banking solution," RBI said in a statement.

RBI had earlier issued a show-cause notice to the bank in response to which the latter submitted a written reply.

"After considering the facts of the case, the bank's reply and the personal submission made on the matter, the Reserve Bank of India came to the conclusion that the violations were substantiated and warranted imposition of penalty," the statement added.

Last week, RBI had imposed a penalty of Rs 5 lakh on the the [Kutch Mercantile Co-operative Bank](#) for violation pertaining to non-adherence to certain operational instructions, high non-compliance with KYC norms and no system in place to detect suspicious transactions.

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