

# RBI slaps Rs. 3-cr penalty on Union Bank for non-compliance with KYC norms

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**Mumbai, July 31:** The Reserve Bank of India has imposed a monetary penalty aggregating Rs. 3 crore on Union Bank of India for non-compliance with the regulatory direction on 'know-your-customer' (KYC) norms.

KYC is a process by which banks obtain information about the identity and address of customers.

This process helps to ensure that banks' services are not misused. The KYC procedure is to be completed by the banks while opening accounts. Banks are also required to periodically update their customers' KYC details.

In the first case where a monetary penalty of Rs. 2 crore was imposed, the RBI, in a statement, said it had received a complaint regarding huge cash withdrawals in certain accounts maintained with Union Bank of India.

In the second case where a penalty of Rs. 1 crore was imposed, the RBI, based on media reports related to a fraud in a bank, conducted an examination of certain accounts, which had substantial transactions.

In both the cases, upon examination of the documents obtained, 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 issued by the RBI. "After considering the bank's reply, oral submissions made in the personal hearing, as also the additional information and documents furnished, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty," the RBI said in a statement.

The central bank said these actions are based on deficiencies in regulatory compliance and are not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

(This article was published in the Business Line print edition dated August 1, 2017)