

RBI slaps penalty on BoB, HDFC Bank & PNB

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Lapses found in banks' internal control mechanisms to tackle money laundering

Mumbai, July 25:

The Reserve Bank of India on Monday slapped penalties ranging from ₹2 crore to ₹5 crore on Bank of Baroda, HDFC Bank, and Punjab National Bank over the issue of advance import remittances.

Bank of Baroda said the RBI has imposed a penalty of ₹5 crore on it. This follows the banking regulator finding weaknesses and failures in internal control mechanisms in respect of certain anti-money laundering provisions.

The central bank also slapped a penalty of ₹2 crore on HDFC Bank on account of pendency in receipt of bills of entry relating to advance import remittances made and lapses in adhering to know-your-customer/anti-money laundering guidelines in this respect.

Punjab National Bank, too, said the RBI has imposed an aggregate penalty of ₹3 crore on the bank.

HDFC Bank, in a notice to the stock exchanges, said it has implemented a comprehensive corrective action plan to strengthen its internal control mechanisms so as to ensure that the incidents flagged by the RBI do not recur.

In October 2015, Bank of Baroda, in a notice to the stock exchanges, said that during the period May 2014 to August 2015, a total of 5,853 outward foreign remittance transactions aggregating \$546.10 million (around ₹3,500 crore) for 'advance remittance for imports' and for other purposes were remitted through 38 current accounts to various overseas parties numbering about 400, mainly based in Hong Kong and one of them in the UAE.

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