

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1960
ANSWERED ON:31.07.2015
Misconduct by Multinational Banks
Choudhary Shri Ram Tahal;Laguri Smt. Sakuntala

Will the Minister of FINANCE be pleased to state:

- (a) whether the information of misconduct carried out by multinational banks is not available with the Government;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) if not, the number of misconduct carried out by the multinational banks during the last three years and the action taken by the Government thereon; and
- (d) the outcome of the above action?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) to (d): Reserve Bank of India (RBI) has reported that during the last three years only one foreign bank which was also operating in India, viz. Deutsche Bank A.G. was penalized by Rs.1.00 crore for violation of regulatory instruction / guidelines, among other things, on Know Your Customer (KYC) / Anti Money Laundering (AML).

In addition, RBI has issued cautionary letters to the following foreign banks:

S.No. Name of the Bank

1. Barclays Bank PLC
2. BNP Paribas
3. Citibank N.A.
4. Royal Bank of Scotland
5. Standard Chartered Bank
6. The Bank of Tokyo Mitsubishi UFJ Ltd.

RBI has conducted scrutinies of abovementioned six banks wherein explanations of banks were called for by RBI. The written or oral submissions of the aforesaid banks were found to be satisfactory or no violation of serious nature was established by RBI. Therefore, RBI decided not to impose any monetary penalty but to issue only suitable cautionary letters.

It is further mentioned that RBI has also imposed penalty of Rs.11.89 crore on HSBC Limited, vide its Order dated 31.12.2013 for violation of Asian Currency Unit (ACU) procedural guidelines under the Foreign Exchange Management Act, 1999 (FEMA).
