

Sub: Summary of Order in Original No. 01/DIR/FIU-IND/2024 dated 25th January, 2024 in the case of Fino Payments Bank Ltd (reporting entity)-reg.

1. **Fino Payments Bank Ltd** (hereinafter “the Bank”) by virtue of operating as a payments bank, is a ‘reporting entity’ for the purposes of Section 2(1)(wa) and is registered as such with FIU-IND.
2. As part of its mandate to ensure effective implementation of Chapter IV of the PMLA, FIU- IND monitors the various reports filed by reporting entities in order to identify deficiencies observed with the implementation of money laundering / terrorist financing and related safeguards by regulated entities. In the process of scrutinizing the reporting performance of the Bank, some potential lapses pertaining to the ascertainment of KYC of remitters and volume and velocity checks on transactions were noticed in its operation of two business correspondent accounts held for the purpose of Domestic Money Transfer (DMT) transactions. The Bank was provided an opportunity of personal hearing to offer its comments on the said observations. The Bank conveyed its response and after examining the material on record and the submissions made, the bank has been found to breach/violated the following relevant obligations:
 - Failure of the Bank to evolve an effective internal mechanism to detect and report suspicious transactions in terms of Section 12(1) (a) and (b) of the Act read with rule 2(1)(g), 3(1)(D), 5(2), 5(3), 7(3) and 8(2) of the PML Rules, 2005 –
 - Failure of Bank to report 4 STRs; non-compliance with Section 12(1)(a) and (b) of PMLA read with Rule 3(1)(D), 7(2) and 7(4) of PML Rules.
3. After considering the written and oral submissions of the Bank, Director, FIU-IND, based on the material available on record, found that the charges against Fino Payments Bank Ltd were substantiated. Consequently, the Director FIU-IND vide order dated 25th January, 2024 in exercise of his powers under Section 13 PMLA, imposed a total fine of **Rs. 5,00,000/ (Rupees Five Lakhs Only)** on the Bank with reference to the above violations committed by the Bank.

Disclaimer: The summary of the instant order is only representational in nature and does not hold any legal significance and cannot be relied upon or referred to as a precedence in any other case.