

Sub: Summary of Order-in-Original No. 7/DIR/FIU-IND/2022 in the matter of Nainital Bank Ltd. – reg

In order to assess the compliance of Nainital Bank Ltd. (the Bank), with regard to its obligations under the Prevention of Money Laundering Act, 2002 (the Act) and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (the Rules, 2005), the Bank was issued a Show Cause Notice for its explanation relating to failure to update its KYC/AML policy, failure to furnish complete responses to questionnaire from FIU-INDIA, failure to match names and profiles of customers with requisite sanctions lists at the time of onboarding, failure to consider all parameters of risk assessment and to carry out updation of risk category on transactional and occupational basis, failure to evolve an effective internal mechanism for detection of suspicious transactions, failure to furnish information pertaining to powers and responsibilities of various officers in the process of detection and reporting of suspicious transactions, and the failure to follow the requisite process of determination of ultimate beneficial ownership.

2. Vide Show Cause Notice dated October 27, 2020, the Bank was called upon to explain as to why suitable directions including direction for imposition of penalty should not be passed against it under section 13 of the Act read with section 12 of the Act and rules 3, 7, 8, 9 of PML Rules, 2005 on the above-mentioned charges.

3. The Bank submitted its reply to the SCN and in accordance with the principles of natural justice it was granted opportunity for personal hearing through its authorized representatives.

4. After considering the submissions of the Bank, vide Order-in-Original No. 7/DIR/FIU-IND/2022 dated March 30, 2022, the Director, FIU-IND disposed of the adjudication proceedings instituted against the Bank vide the Show Cause Notice dated October 27, 2020 and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of Rs. Twenty-five thousand only (Rs. 25,000/-) for non-compliance of section 12 of the Act read with Rules 5(2) and 7(3) of the Rules.

5. In terms of section 13(2)(a) of the Act, the Director, FIU-IND warned the Bank to pay requisite attention to the various guidances issued by the office of FIU-IND, as well as the relevant regulators and furnish timely responses to the future communications addressed from FIU-IND.

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