

**Sub.: Summary of Order-in-Original No. 8/DIR/FIU-IND/2020 in the matter of The Konark Urban Co-operative Bank Ltd. -reg.**

RBI had shared findings of its inspection of 'The Konark Urban Co-operative Bank Ltd.' with FIU-IND wherein it was, *inter alia*, pointed out that alerts generated by the Bank's system were neither monitored nor analysed on daily basis. It was observed that numerous alerts generated by the system remained as 'unattended and the system of monitoring of alerts and its analysis that prevailed in the bank was highly unsatisfactory.

2. Accordingly vide Show Cause Notice dated April 8/9, 2019, the Bank was called upon to explain as to why suitable directions including direction of imposition of penalty should not be passed against the Bank under section 13 of the Act read with section 12 of the Act and Rule 3, 5 and 7 of the Rules, 2005 for not having an effective internal mechanism to detect and report suspicious transactions in terms of the provisions of the Act.

3. The Bank submitted its reply to the SCN and in view of the principles of natural justice, the Bank was granted opportunity of personal hearing through its authorised representatives.

4. After considering the submissions of the Bank, vide Order-in-Original No. 8/DIR/FIU-IND/2020 dated October 27, 2020 the Director, FIU-IND disposed of the adjudication proceedings initiated against the Bank vide the Show Cause Notice dated April 8/9, 2019, and in exercise of the powers conferred under section 13(2)(d) of the Act imposed monetary penalty of ₹ One lakh Only (₹ 1, 00,000/-) for non-compliances of section 12 of the Act read with Rule 3, 5 and 7 of the Rules, 2005 by the Bank, viz. failure to put in place an effective internal mechanism to detect and report suspicious transactions under the Rule 3(1)(D), 5(2) and 7(3) of PML Rules, 2005.

5. Further, Director, FIU-IND also advised the Bank to exercise caution in future regarding compliance with the provisions of the Prevention of Money Laundering Act, 2002 and the Rules made thereunder.

**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.**