प्रेस प्रकाशनी PRESS RELEASE

भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi
Website : www.rbi.org.in
ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001
Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

September 11, 2025

RBI imposes monetary penalty on Progressive Mercantile Co-operative Bank Limited, Dist. Ahmedabad, Gujarat

The Reserve Bank of India (RBI) has, by an order dated September 08, 2025, imposed a monetary penalty of ₹3 lakh (Rupees Three Lakh only) on Progressive Mercantile Co-operative Bank Limited, Dist. Ahmedabad, Gujarat (the bank) for non-compliance with the certain directions issued by RBI on 'Inspection & Audit Systems in Primary (Urban) Co-operative Banks', 'Know Your Customer' and 'Customer Protection - Limiting Liability of Customers of Co-operative Banks in Unauthorized Electronic Banking Transactions'. This penalty has been imposed in exercise of powers conferred on RBI under the provisions of Section 47A(1)(c) read with Sections 46(4)(i) and 56 of the Banking Regulation Act, 1949.

The statutory inspection of the bank was conducted by the RBI with reference to its financial position as on March 31, 2024. Based on supervisory findings of non-compliance with RBI directions and related correspondence in that regard, a notice was issued to the bank advising it to show cause as to why penalty should not be imposed on it for its failure to comply with the said directions. After considering the bank's reply to the notice, RBI found, *inter alia*, that the following charges against the bank were sustained, warranting imposition of monetary penalty:

The bank had:

i) conducted concurrent audit on quarterly instead of conducting simultaneous check of the transactions and reports were submitted with delays;
ii) failed to carry out periodic review of risk categorisation of certain accounts with such periodicity being at least once in six months; and
iii) failed to enable its customers to instantly respond by "Reply" to the SMS alerts to notify the objection towards unauthorised electronic banking transactions, if any.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers. Further, imposition of this monetary penalty is without prejudice to any other action that may be initiated by RBI against the bank.

(Puneet Pancholy)
Chief General Manager

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