

Decision 2013-07 of 11 February 2015 against State Bank of India (internal control)

In a decision in which the institution was publicly named, the Sanctions Committee handed State Bank of India a reprimand together with a fine of EUR 300,000. The Committee sanctioned the French branch of State Bank of India (SBI), India's leading bank, which is majority owned by the Indian government. It found that SBI had not exhaustively centralised its commitments to related entities, and noted a number of deficiencies in the operation of its systems for the ongoing monitoring of compliance, accounting and regulatory reporting, in connection with loan origination, credit risk monitoring (the only point that was disputed) and, finally, accounting and regulatory audit trails.

In determining the extent of the sanction, the Committee took into account – to the institution's detriment – the fact that, at the date of the last inspection, it had failed to act on certain observations made by the supervisor over a period of several years. Conversely, it also took into account – this time to the institution's credit – commitments given by the branch's senior management to “restore a relationship of trust with the supervisor” and to continue with efforts initiated to improve the accounting and internal control systems, which had already resulted in the recruitment of a new Compliance Director. Furthermore, the institution had shown its willingness to prioritise compliance with these commitments over efforts to generate immediate profitability.