ZENLEARN RESEARCH · JUDGMENT INTELLIGENCE

FY25 RBI ENFORCEMENT DATA

What FY25 RBI Enforcement Data Actually Reveals About Frontline Judgment Failure

A judgment-failure pattern map across 353 Reserve Bank of India enforcement actions in fiscal year 2024–25, drawn from the RBI Annual Report (29 May 2025) and the FACE SRO compilation (11 April 2025).

353	₹54.78 cr	FY 24–25
ENFORCEMENT ACTIONS	TOTAL MONETARY PENALTY	PERIOD ANALYSED

RECONCILIATION

353 total actions comprise: **79 FACE-attributed (30 banks + 48 NBFCs + 1 credit bureau)** + **264 co-operative banks (RBI Annual Report 2024–25)** + **10 residual (RRBs and CoR cancellations without specified reasons, both explicitly excluded by FACE)**

THE SINGLE-LINE THESIS

Every rupee of penalty in this report was avoidable with the judgment of one employee in one moment — and the evidence that such judgment exists, or does not, is what a Board actually needs before an RBSA inspection.

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SECTION 01 · METHODOLOGY

Methodology, before the findings

Sources

The dataset combines two public sources, with the co-operative bank cohort reinstated from a third.

- **Master cohort anchor (353 actions, ₹54.78 cr):** RBI Annual Report 2024–25, released 29 May 2025, Enforcement Department section. Primary anchor for the total cohort figure.
- **Fully-attributed subset (79 actions, ₹34.81 cr):** FACE — Fintech Association for Consumer Empowerment, 'A compilation of RBI penalties and enforcement actions in FY 24–25', released 11 April 2025. FACE is an RBI-recognised Self-Regulatory Organisation in the FinTech sector. The FACE compilation explicitly excludes Regional Rural Banks, Co-operative Banks, and CoR cancellations that do not specify reasons.
- **Co-operative bank cohort (264 actions, ₹15.63 cr):** RBI Annual Report 2024–25 for headline totals, cross-referenced with named co-operative bank press releases issued directly by RBI during FY24–25 for illustrative cases.

The signal framework

Each of the 79 enforcement actions in the FACE subset was independently tagged to one or more of four behavioural signals: Protocol Discipline, Risk Escalation, Pressure Resistance, and Regulatory Awareness. These four were developed prior to this analysis as the behavioural unit of the Judgment Quotient construct — the minimum independent set of decision-quality dimensions that an RBI-regulated frontline can be observed against in scenario form. An academic paper documenting the construct, the tagging protocol, and inter-rater reliability work is in development with co-authors at IIM Mumbai.

- **Protocol Discipline (PD) —** Following the rulebook exactly as written. The most penalised signal in FY25: 68 of 79 attributed actions (86%).
- **Risk Escalation (RE) —** Flagging, monitoring and reporting risk up the chain before it crystallises. 21 of 79 actions (27%).
- **Pressure Resistance (PR) —** Holding the line under commercial, management or relationship pressure. 20 of 79 actions (25%).
- **Regulatory Awareness (RA) —** Knowing and correctly applying the current rule. 21 of 79 actions (27%).

Signal totals exceed 79 because most orders cite multiple violations and are tagged to more than one signal. The signal tagging is ZenLearn's analytical contribution — RBI orders describe violations, they do not classify them by behavioural signal.

Ranking methodology

Top 10 by Frequency: sorted by count of distinct enforcement actions citing the violation category. Top 10 by Rupee Weight: sorted by total rupee penalty attributed to the violation category. Where a single order cites multiple violations, the full order amount is attributed to each cited category, reflecting RBI's joint-and-several treatment of order rationale. This is why the Top 10 rupee cut sums to more than the ₹34.81 cr FACE subset total — the same rupee penalty is counted against each violation it was issued for. Co-operative bank data is excluded from the Top 10 cuts because line-item granularity is not uniformly available for every co-op order; the co-op cohort is treated as a separate sectoral cut.

How to read every rupee figure in this report

BUNDLED-ORDER DISCLOSURE

Every penalty figure in this report — for example **₹1.91 cr for Axis Bank, ₹1.00 cr for HDFC Bank, ₹3.32 cr for Jammu & Kashmir Bank, ₹1.92 cr for NDX P2P** — is the ***full bundled-order penalty***, not the price of any single violation. RBI orders cite multiple violations (usually three to six) and impose one consolidated penalty for the bundle, without disaggregating. When a vignette in this report names a violation pattern, that pattern is **one of several** in the cited order, not the only reason for the penalty. The detail panel in each vignette lists the other violations bundled in the same order, so readers can cross-check against the original RBI press release. The point of the report is the recurrence of the behavioural pattern across orders, not the precise rupee attribution to any one violation. RBI does not publish that attribution, and we do not invent it.

Limitations

Four limitations should be noted.

First, the FACE subset is a compilation of published RBI orders — private supervisory actions, MoU-based resolutions and informal corrective actions are not captured.

Second, FACE's exclusion of co-operative banks from its core list means the co-op cohort uses a different data provenance and is presented at cohort level, not line-item level.

Third, the Judgment Quotient signal tagging is a behavioural interpretation of a regulatory description and involves some analyst judgment.

Fourth, during source verification for this report we identified at least three errors in the FACE compilation itself. The penalty amounts published for NDX P2P (FACE shows ₹1.01 cr; actual is ₹1.92 cr per RBI prid=58561) and Innofin Solutions (FACE shows ₹1.01 cr; actual is ₹1.995 cr per RBI prid=58562) are off by approximately a factor of two. The FACE entry for ICICI Bank dated 27 May 2024 describes the violation as 'ineligible savings accounts' when the RBI order (prid=57982, dated 21 May 2024) was actually for term-loan diligence failures on PSU project finance. Throughout this report we have used the RBI press-release figures as the primary source where they conflict with the FACE compilation.

SECTION 02 · EXECUTIVE SUMMARY

Regulators did not punish what people did not know.

They punished what people did not do.

Across 353 enforcement actions by the Reserve Bank of India in FY 24–25, aggregating to ₹54.78 crore in monetary penalty, the overwhelming pattern is not ignorance of rules. It is the failure to apply known rules in the moment.

A KYC field skipped. An escalation not made. A pricing rule not tested against the agreement. A director-related loan signed off by someone who understood Section 20 of the Banking Regulation Act perfectly well.

This is the anatomy of a judgment failure. And it is measurable.

Three findings

- **01 · The money is concentrated in routine workflow gaps.** Eight of the ten most expensive failure patterns in FY25 are the same patterns as the ten most frequent. There is no separate 'serious-violations' category — the same workflow rules drive both the rupee value and the recurrence count.
- **02 · Protocol Discipline failures dominate.** 68 of 79 FACE-attributed orders (86%) cite at least one Protocol Discipline failure — rules that exist, are known, and are simply not applied at the moment of the decision. This is not a training problem. Training-completion dashboards remained green throughout the year these penalties accumulated. It is a measurement problem.
- **03 · Total rupee value fell, total action count rose.** FY25 total monetary penalty was ₹54.78 crore versus ₹86.1 crore in FY24 — a fall of 36% in rupee value. Action count rose from 281 to 353, up 25.6%. Penalties are getting more frequent but, on average, smaller. The co-operative bank cohort moved in the opposite rupee direction: from ₹12.07 crore on 215 actions in FY24 to ₹15.63 crore on 264 actions in FY25 — up 29.5% in rupee value and 22.8% in action count.

How this report is structured

Section 03 presents three sectoral cuts: banks (30 actions), NBFCs (48 actions), and co-operative banks (264 actions). Section 04 presents the two pattern cuts — the ten most frequent failure patterns and the ten most expensive. Section 05 presents ten vignettes, each pairing a named FY25 enforcement action with the structural question an instrumented workforce would have surfaced before the penalty was written. Section 06 closes with the structural finding and the artefact ZenLearn produces.

SUB-SECTOR DATA CUTS AVAILABLE ON REQUEST

A separate one-page tearsheet for each of the following sub-sectors is available, presenting the cohort-specific subset of the data in this report with named cases, the cluster summary, and the behavioural signal distribution: **Bank — Private (18 actions, ₹17.21 cr) · Bank — Public (6 actions, ₹7.16 cr) · Bank — Foreign (3 actions, ₹1.42 cr) · NBFC — ICC (20 actions, ₹1.67 cr) · NBFC — HFC (8 actions, ₹1.16 cr) · NBFC — P2P (6 actions, ₹4.68 cr corrected) · NBFC — MFI (3 monetary actions + 2 C&D) · Co-operative banks (264 actions, ₹15.63 cr)**. Write to rohit@zenlearn.ai. Response within 24 hours.

SECTION 03 · SECTORAL CUT I

Banks: 30 actions, ₹26.77 crore, 77% of the corrected subset by value

Banks account for 30 of the 79 FACE-tracked actions (38%) and ₹26.77 cr of the corrected ₹34.81 cr subset total (77%) — the concentration is real. Private banks carry the largest load, driven by repeated failures on account eligibility, UCIC assignment, and customer protection rules that are not technically complex but require in-the-moment discipline. The corrected subset total reflects FACE-compilation amounts for NDX P2P and Innofin Solutions being replaced with the actual RBI press-release figures (see Methodology, Limitations).

Sub-category	Actions	Share	Penalty
Bank — Private	18	60%	**₹17.21 cr**
Bank — Public	6	20%	**₹7.16 cr**
Bank — Foreign	3	10%	**₹1.42 cr**
Bank — Small Finance	2	7%	**₹0.72 cr**
Bank — Payment	1	3%	**₹0.27 cr**

The bank-cohort pattern

Six violation patterns recur across the bank cohort and together account for the majority of the bank rupee value. These are not peripheral — they are the same workflow failures, repeated across public, private and foreign banks, in every quarter of the year. Every rupee figure below is the full bundled-order penalty for orders citing the pattern; RBI does not disaggregate.

#	Pattern	Signal	Named entities	Penalty
01	Ineligible entities granted savings accounts	**PD**	HDFC, Axis, IndusInd, Federal, UCO, HSBC (n=6)	**₹6.13 cr**
02	BSBDA + SB account duplication for same customer	**PD**	Canara, J&K, Punjab & Sind (n=3)	**₹5.64 cr**
03	Multiple IDs instead of UCIC (banks only)	**PD**	HDFC, RBL, Axis, BoM (n=4)	**₹4.28 cr**
04	WCDL sanctioned against government receivables	**PD+PR**	J&K, PNB (n=2)	**₹4.32 cr**

#	Pattern	Signal	Named entities	Penalty
05	No external benchmark on floating-rate retail/MSME loans	**PD+RA**	Central Bank, UCO (n=2)	**₹3.46 cr**
06	NRE lien marking and DEAF transfer delays (overlapping)	**PD+RE**	UCO, SBM, South Indian, BoI, LIC HF (n=5)	**₹4.98 cr**

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

Pattern 03 recurs at three NBFCs (Manappuram, Muthoot, IIFL Samasta), taking the system-wide UCIC cluster to seven entities and ₹4.83 cr — see the cross-cohort Top 10 cuts in Section 04.

THE STRUCTURAL SIGNAL FOR THE BANK COHORT

None of these rules are new. All are codified in Master Directions. The failure is not at the Head of Compliance level — it is at the branch, account-opening, relationship-manager, and credit-ops level, where a rule exists but is not routinely applied. That is precisely the level at which training-completion dashboards report nothing useful, and at which RBSA inspectors form the working impression that informs the supervisory rating.

SECTION 03 · SECTORAL CUT II

NBFCs: 48 actions across six sub-categories, four CoR-adjacent outcomes

NBFCs account for 48 of the 79 FACE-tracked actions (60%) and ₹7.62 cr of the corrected ₹34.81 cr subset total (22%). The corrected NBFC rupee total reflects the actual RBI press-release amounts for NDX P2P (₹1.92 cr) and Innofin Solutions (₹1.995 cr), which the FACE compilation had recorded at ₹1.01 cr each.

Beyond the rupee figure, the structural severity in the NBFC cohort is high. Two NBFCs — X10 Financial Services and Zavron Finance — had their Certificate of Registration cancelled. Four further NBFCs were placed under cease-and-desist on sanction and disbursal on 17 October 2024, effective close of business 21 October 2024, for pricing-related supervisory concerns over cost-of-funds spreads: Arohan Financial Services, Asirvad Micro Finance, DMI Finance, and Navi Finserv.

The C&D was lifted on Navi Finserv on 2 December 2024, on Arohan on 3 January 2025, and on Asirvad MFI and DMI Finance on 8 January 2025 — making this the shortest period of business restrictions imposed by RBI in the four years since the policy was instituted, per published reporting on the lifting orders.

Sub-category	Actions	Share	Penalty
NBFC — ICC	20	42%	**₹1.67 cr**
NBFC — HFC	8	17%	**₹1.16 cr**
NBFC — P2P*	6	13%	**₹4.68 cr**
NBFC — MFI	3	6%	**₹0.49 cr**
NBFC — Factor	1	2%	**₹0.02 cr**
NBFC — CIC	1	2%	**₹0.003 cr**

**P2P total corrected from FACE's ₹2.79 cr to ₹4.68 cr after RBI press-release verification: NDX P2P penalty was ₹1.92 cr (per prid=58561) and Innofin Solutions was ₹1.995 cr (per prid=58562). FACE compilation recorded both at ₹1.01 cr.*

The NBFC-cohort pattern

Three dominant clusters emerge in the NBFC cohort, each with distinct supervisory severity.

#	Cluster	Signal	Named entities	Outcome
01	P2P lender-approval and Fund Transfer Mechanism failures	**PD+RE**	NDX P2P, Innofin, Bridge (Finzy), Fairassets, Rang De, Visionary (n=6)	**₹4.68 cr**

#	Cluster	Signal	Named entities	Outcome
02	Outsourcing of core functions to third parties	PD+RA	X10 Financial, Zavron (CoR cancel); Datson, Indian School Finance (n=4)	**2 CoR cancelled**
03	UCIC and KYC failures at scale	PD	Manappuram, Muthoot, IIFL Samasta, Shriram (n=4)	**₹0.60 cr**

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

Cluster 01 includes the FACE-correction note above: NDX and Innofin penalties were ₹1.92 cr and ₹1.995 cr respectively (per RBI prid=58561 and prid=58562), not the ₹1.01 cr each shown in the FACE annex.

THE STRUCTURAL SIGNAL FOR THE NBFC COHORT

CoR-level sanctions cluster around outsourcing judgment that cannot be outsourced. When credit appraisal, rate-fixation or KYC is pushed to a third party, the NBFC loses the ability to answer 'who approved this?' — and that answer is what RBI asks when something breaks.

SECTION 03 · SECTORAL CUT III

Co-operative banks: a different cohort, the same behavioural pattern at smaller scale

The FACE compilation explicitly excludes co-operative banks. They are reinstated here using the RBI Annual Report FY 2024–25 because they are the single largest enforcement cohort in India — 264 actions in FY25, up from 215 in FY24 — and because the behavioural pattern they reveal is the same pattern that scales into the large-bank director-related lending failures at far higher rupee severity.

Co-operative bank cohort, FY25	Value
Total enforcement actions FY25	264 (up from 215 in FY24)
Total monetary penalty FY25	₹15.63 cr (up from ₹12.07 cr in FY24)
Year-on-year change, rupee value	+29.5%
Year-on-year change, action count	+22.8%
Total RE enforcement growth, action count	+25.6% (281 → 353 actions)
Total RE enforcement growth, rupee value	−36% (₹86.1 cr → ₹54.78 cr)
UCBs under All-Inclusive Directions, 31 Mar 2025	23 (7 new placements in FY25; 4 removals)

WHY THIS SECTION IS IN THE REPORT DESPITE SMALL INDIVIDUAL PENALTIES

The named co-op cases below carry individually small penalties — ₹2.50 lakh, ₹1 lakh, ₹50,000. A CRO at a private bank or large NBFC will not read this section for its rupee weight. They should read it for the **behavioural mechanism**. The 264-action co-op cohort is the cleanest visible expression of Pressure Resistance failure under Section 20 of the Banking Regulation Act — the inability of a branch manager or loan officer to refuse a director's request. That same mechanism, when it scales into a private bank's corporate book or an NBFC's connected-party exposure, becomes an eight-figure rupee event and a Board-level governance lapse. The size of the institution changes the penalty. It does not change the failure.

Dominant violation patterns in the co-op cohort

RBI's own categorisation of co-op violations clusters into four themes. ZenLearn maps these to the four behavioural signals as follows.

#	Theme (RBI's categorisation)	Signal	Frequency
01	Director-related loans (Section 20, BR Act 1949)	PR	Dominant
02	KYC and risk categorisation gaps	PD	Recurrent
03	Exposure norms and statutory restrictions on UCBs	RA	Recurrent
04	Fraud reporting delays and DEAF Fund non-compliance (Section 26A)	RE	Periodic

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

Verified FY25 examples include Chandrapur District Central Co-operative Bank Ltd. (Maharashtra, ₹2.50 lakh, 8 July 2024, Section 20 director-related loans); Vaishali District Central Co-operative Bank Ltd. (Bihar, ₹1 lakh, 11 July 2024, KYC); Sree Harihareshwara Urban Co-operative Bank Ltd. (Karnataka, ₹50,000, 15 July 2024, Exposure Norms); District Co-operative Central Bank Ltd., Vizianagaram (Andhra Pradesh, ₹50,000, 15 July 2024, delay in reporting frauds to NABARD); and The Business Co-operative Bank Ltd. (Nashik, Maharashtra, ₹1 lakh, 24 February 2025, Section 26A read with Section 56 of the BR Act).

Unlike the scheduled commercial bank cohort, where Protocol Discipline dominates, the co-op cohort shows disproportionate weight on Pressure Resistance — specifically, director-related lending under Section 20 of the BR Act. While total enforcement actions grew +25.6% YoY across all cohorts, total enforcement rupee value fell –36% (from ₹86.1 cr in FY24 to ₹54.78 cr in FY25). Co-op rupee value moved in the opposite direction: +29.5% YoY. Supervisory attention on the co-op cohort has not eased.

SECTION 04 · THE PATTERN CUT

The ten most repeated judgment failures of FY25

Ranked by number of distinct enforcement actions in the FACE-attributed subset. This is the 'what keeps happening' cut — workflow failures that regulators encountered repeatedly across unrelated institutions throughout the year.

NOTE ON PATTERN CLUSTERING

Where a single order cites multiple violations (most do), the violation has been mapped to the cluster that best captures the workflow failure. Pattern grouping involves analyst judgment — for example, 'Fair Practices Code violations' aggregates loan-agreement failures, vernacular disclosure failures, pre-disbursement interest, and rate-communication failures, each of which is a distinct sub-rule. Reasonable analysts could split these. Named entities for each cluster are listed so readers can verify the underlying orders directly via RBI press releases.

#	Pattern	Signal	Actions	Penalty
1	Fair Practices Code-related violations (loan agreements, vernacular disclosure, pre-disbursement interest, rate communication)	**PD**	~8	**approx ₹0.5 cr**
2	Savings accounts for ineligible entities (HDFC, Axis, IndusInd, Federal, UCO, HSBC)	**PD**	6	**₹6.13 cr**
3	Multiple IDs instead of UCIC (HDFC, RBL, Axis, BoM, Manappuram, Muthoot, IIFL Samasta)	**PD**	7	**₹4.83 cr**
4	Management change without prior RBI permission (7 NBFCs)	**PD**	7	**₹18 L**
5	P2P lender-approval failures (Bridge, Fairassets, Rang De, Visionary, NDX, Innofin)	**PD+RE**	6	**₹4.68 cr**
6	Outsourcing contract governance gaps (Bridge, Shriram, HSBC, SMFG, CSB, Visionary)	**PD+RE**	6	**₹2.23 cr**
7	KYC risk categorisation / periodic review (Shriram, HP Financial, Central Bank HF, HDFC, Union Bank)	**PD+RE**	5	**₹1.94 cr**
8	Excessive charge over cost of funds (Arohan, Asirvad MFI, DMI, Navi Finserv) — C&D subsequently lifted	**PR+RA**	4	**Cease & desist**
9	Outsourcing of core management or decisioning functions (X10, Zavron — credit appraisal & rate-	**PD+RA**	4	**2 CoR cancelled**

	fixation; Datson — loan sanction; Indian School Finance — internal audit)			
10	Credit reporting timelines / CIC data integrity (Asirvad MFI, Citibank, Experian, Shriram)	**PD**	4	**₹53 L**

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

WHAT THE FREQUENCY CUT TELLS YOU

Seven of the ten most-frequent patterns map purely to Protocol Discipline — rules that exist, that are known, that are simply not applied at the moment of the decision. This is the most instrumentable signal in the Judgment Quotient construct, and it is also the signal where current training-and-tracking infrastructure is most clearly failing.

SECTION 04 · THE STAKES CUT

The ten most expensive judgment failures of FY25

Ranked by total rupee penalty across the FACE subset. Eight of the ten patterns also appear in the frequency cut — the money is not concentrated in rare or exotic violations.

READING NOTE FOR THIS TABLE

Where a single RBI order cites multiple violations, the full order amount is attributed to each cited category. This reflects RBI's joint-and-several order treatment — there is no published basis to split a ₹3.32 crore order across the four violations it cites. As a result, the column total in this table sums to more than the ₹34.81 crore corrected subset total. This is methodology, not double-counting; the underlying actions are correctly counted once in the subset total and in the sectoral cuts.

#	Pattern	Signal	Penalty	Actions
1	Savings accounts for ineligible entities (HDFC, Axis, IndusInd, Federal, UCO, HSBC)	PD	₹6.13 cr	6
2	BSBDA + SB duplication for same customer (J&K ₹3.32 cr, Canara ₹1.64 cr, Punjab & Sind ₹0.68 cr — all bundled with other violations)	PD	₹5.64 cr	3
3	Multiple IDs instead of UCIC (7 institutions, same rule broken repeatedly)	PD	₹4.83 cr	7
4	P2P lender-approval and FTM failures (NDX ₹1.92 cr + Innofin ₹1.995 cr the largest; March 2025 cohort follows)	PD+RE	₹4.68 cr	6
5	WCDL sanctioned against government receivables (J&K, PNB)	PD+PR	₹4.32 cr	2
6	Small accounts operated below regulatory standard (J&K, Bank of Maharashtra)	PD	₹4.32 cr	2
7	No external benchmark on floating-rate retail/MSME (Central Bank, UCO, BNP Paribas)	PD+RA	₹3.78 cr	3
8	DEAF transfer delays on unclaimed balances (BoI, UCO, LIC HF)	PD	₹3.50 cr	3
9	Lien marked on NRE savings deposits (SBM, UCO, South Indian)	PD	₹3.49 cr	3

10	Beneficial owner not identified for legal persons (J&K bundled within largest FACE order)	**PD+RE**	**₹3.32 cr**	1

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

THE UNCOMFORTABLE IMPLICATION

Eight of the ten most expensive failures are the same failures in the most frequent list. The money is not concentrated in rare, exotic violations — it is accumulating in routine workflow gaps. Which means the prevention surface is also concentrated: a small number of patterns, repeatedly enacted by a known set of frontline roles, in a known set of moments.

SECTION 05 · TEN VIGNETTES

The employee-level question that was never asked

For each of the ten patterns, a named public-record case from RBI press releases. For each case, the structural question a Judgment Quotient–instrumented workforce would have surfaced before the penalty was written.

PD = Protocol Discipline · RE = Risk Escalation · PR = Pressure Resistance · RA = Regulatory Awareness

Note on the senior-judgment vignette. Nine of the ten vignettes below sit at the frontline — branch officer, RM, loan-ops clerk, onboarding agent. The tenth, IDFC First Bank's project-finance diligence skip, sits at the credit-committee level. It is included because it is the bridge between frontline failure and senior judgment: the same behavioural mechanism (Risk Escalation under commercial pressure) operates at both levels, and the measurement instrument that surfaces it at the frontline is the same instrument that surfaces it at the committee. It is presented last for that reason, not because it is least important.

1 · The ineligible savings-account approver

RANK 1 BY RUPEE · RANK 2 BY FREQUENCY

Six bank orders in FY25 cite the opening of savings deposit accounts in the name of entities explicitly prohibited under RBI's Master Direction as one of the violations leading to penalty. RBI orders bundle multiple violations into single penalty amounts — they do not disaggregate.

The named orders are: Axis Bank ₹1.91 cr (order dated 3 Sep 2024, prid=58676) which cited four violations including ineligible savings accounts, multiple Customer Identification Codes, collateral on small agricultural loans, and a wholly-owned subsidiary undertaking non-permissible technology services business; HDFC Bank ₹1.00 cr (3 Sep 2024, prid=58673) which cited three violations including ineligible savings accounts, gifts above ₹250 to depositors, and contacting customers outside 7am–7pm.

UCO Bank ₹2.01 cr (30 Aug 2024) cited six violations including ineligible savings, no external benchmark, NRE lien, DEAF transfer delays, fraud reporting and non-constituent current accounts. HSBC ₹0.67 cr (28 Feb 2025) cited AML alert closure outsourced to a Group company alongside ineligible savings and UFC under-reporting. IndusInd Bank ₹0.27 cr (20 Dec 2024) and Federal Bank ₹0.27 cr (7 Feb 2025) were each penalised on the standalone ineligible-savings ground.

The pattern that recurs across all six orders is the same: a frontline rule about which entity types may open a savings deposit account, not applied in the moment.

> THE QUESTION THE EMPLOYEE DID NOT ASK
>
> *Is this entity type on the eligibility list for a savings deposit account — and if I am not sure, who can confirm this before I open the account?*

Signals tagged: PD

WHAT MEASUREMENT OF THIS QUESTION LOOKS LIKE

Inside Microsoft Teams or Slack, the branch officer receives a 90-second scenario card. A customer walks in to open a savings account. The cover sheet says 'proprietorship firm'. Four response options.

Layer 1 (Pre-action): 'What do you do first?' Options: A — Open the account, KYC is in order · B — Check the entity-type eligibility list before proceeding · C — Ask the relationship manager what to do · D — Decline politely without checking

Layer 2 (Under pressure): The customer mentions the branch head referred them personally. Same four options. Selection reveals whether the rule is applied only in the absence of pressure, or also under it.

Scoring: PD score on rule application, PR score on pressure-tested rule application, RE score on whether the officer escalated rather than guessed. Result: an individual-level signal map, timestamped, attributable to the specific employee whose decision this would have been.

2 · The BSBDA-plus-SB duplicator

RANK 2 BY RUPEE

Three bank orders cite BSBDA + standard savings account duplication for the same customer as one of the violations.

The largest is Jammu & Kashmir Bank ₹3.32 cr (order dated 24 Jan 2025), the single largest order in the FACE subset, which bundled BSBDA+SB duplication with three further violations: failure to identify beneficial owner for non-natural-person accounts, operating small accounts not meeting regulatory requirements, and sanction of a working-capital demand loan against government subsidy receivables.

Canara Bank ₹1.64 cr (24 Jan 2025) and Punjab & Sind Bank ₹0.68 cr (26 Mar 2025) are the other two, also bundled with other violations. The full order amount in each case is the bundle, not the price of any single cited item.

The branch-level rule that recurs across all three: a BSBDA holder cannot simultaneously hold a standard SB account, and the system check must be performed before the second account is opened.

THE QUESTION THE EMPLOYEE DID NOT ASK

Before I open this second savings account, have I checked whether this customer already holds a BSBDA with us — and if so, what is the correct next action?

Signals tagged: PD

3 · The UCIC duplicator

RANK 3 BY RUPEE · RANK 3 BY FREQUENCY

Seven FY25 orders cite the allotment of multiple Customer Identification Codes instead of a Unique Customer Identification Code as one of the violations. In every case the order bundled the UCIC failure with at least one further violation, and the published penalty is for the bundle.

HDFC Bank ₹0.75 cr (26 Mar 2025) bundled UCIC with the failure to risk-categorise certain customers. RBL Bank ₹0.61 cr (22 Nov 2024) bundled UCIC with failure to obtain prescribed Officially Valid

Documents on certain credit card accounts. Axis Bank's ₹1.91 cr order (3 Sep 2024) cited UCIC alongside three other violations. Bank of Maharashtra's ₹1.00 cr order (16 Aug 2024) cited UCIC alongside loan-component-on-working-capital, fraud risk management framework gaps, and small-account operations gaps.

Manappuram Finance ₹0.20 cr (20 Dec 2024) bundled UCIC with PAN-verification failure. Muthoot Finance ₹0.02 cr (19 Jul 2024) and IIFL Samasta (within a ₹0.33 cr order, 28 Feb 2025) also cited UCIC, the IIFL Samasta order alongside three further violations.

The rule across all seven: a UCIC check across lines of business before a new customer identification code is created.

THE QUESTION THE EMPLOYEE DID NOT ASK

Does a UCIC already exist for this customer across any line of business — and if the system returns ambiguous results, who confirms before a new ID is created?

Signals tagged: PD

4 · The director-related loan approver (co-op cohort)

DOMINANT CO-OP PATTERN

A recurring violation in the 264-action co-op cohort. Chandrapur District Central Co-operative Bank Ltd. (Maharashtra) was penalised ₹2.50 lakh by order dated 8 July 2024 for contravention of Section 20 read with Section 56 of the Banking Regulation Act, 1949 — the section that prohibits loans to directors, relatives, or firms in which directors are interested. The NABARD statutory inspection that surfaced this case was based on the bank's financial position as of 31 March 2022; the penalty followed two years later. Individual co-op penalties are small. The pattern, and the time between offence and consequence, is what scales.

THE QUESTION THE EMPLOYEE DID NOT ASK

Is this borrower a director, a relative of a director, or a firm in which a director is interested — and what is my procedure if I believe the answer is yes but the application does not say so?

Signals tagged: PR

5 · The P2P lender-approval skipper

RANK 5 BY FREQUENCY

Six P2P platforms were penalised in FY25, all citing as one of the violations the disbursal of loans without specific approval of individual lenders, and routing of funds outside the prescribed Fund Transfer Mechanism.

Two large orders dated 21 August 2024 dominate the cohort: NDX P2P Private Limited (LiquiLoans) at ₹1.92 cr (prid=58561), and Innofin Solutions Private Limited (LenDen Club) at ₹1.995 cr (prid=58562). Both orders cited five distinct violations including failure to disclose required personal and credit-assessment details to lenders, lack of specific lender approval, routing through co-lending escrow accounts in violation of the Fund Transfer Mechanism, and (for NDX) routing repayments via a Lending Service Provider's nodal account.

Note: this RBI scrutiny was conducted in June 2023; the order followed 14 months later.

The four further P2P orders in March 2025 — Bridge Fintech (Finzy, ₹0.10 cr), Fairassets (₹0.40 cr), Rang De (₹0.10 cr), Visionary Financepeer (₹0.17 cr) — followed the same rule pattern at lower severity.

THE QUESTION THE EMPLOYEE DID NOT ASK

Before this disbursement goes out, do I have a specific approval from the matched lender recorded against this loan — and if the fund flow routes through anything other than the prescribed FTM, what is my stop action?

Signals tagged: PD · RE

6 · The outsourcing-contract gap

RANK 6 BY FREQUENCY

Six entities penalised for outsourcing-contract governance gaps that are structurally identical. HSBC (₹0.67 cr, AML alert closure outsourced to a group company), Shriram Finance (₹0.06 cr), SMFG India Credit (₹0.23 cr, no IS audit since inception), CSB Bank (₹1.01 cr), Bridge (Finzy), Visionary. Contracts missing RBI-inspection rights or annual-review requirements.

THE QUESTION THE EMPLOYEE DID NOT ASK

Before this vendor contract is signed, does the clause list include RBI inspection rights, annual review requirement, and a defined termination trigger — and who in legal has specifically signed off?

Signals tagged: PD · RE

7 · The core-function outsourcer (two CoR cancellations)

STRUCTURALLY MOST SEVERE

X10 Financial Services (CoR cancelled, 21 Jan 2025) and Zavron Finance (CoR cancelled, 20 Dec 2024) lost certificates because they outsourced core credit-decisioning functions — credit appraisal, rate-fixation, KYC verification — to service providers without conducting due diligence on those providers. Datson Exports (₹1L, 24 Jan 2025) had outsourced loan-sanction decisioning; Indian School Finance Company (₹0.5L, 9 Jan 2025) had outsourced its internal audit function. The pattern is the same and the severity is different: when the function that defines the institution is performed elsewhere, supervisory action follows.

THE QUESTION THE EMPLOYEE DID NOT ASK

Who, on our payroll, makes the final credit decision on this loan — and if the answer is 'the LSP recommends and we auto-approve', what exactly does our CoR permit us to do?

Signals tagged: PD · RA

8 · The excess-rate pricing call (MFI cohort)

MOST SEVERE OUTCOME CLASS

On 17 October 2024, RBI placed four NBFCs under a cease-and-desist order on sanction and disbursal — effective close of business 21 October 2024 — for pricing-related supervisory concerns: Arohan Financial Services, Asirvad Micro Finance, DMI Finance, and Navi Finserv. The C&D was lifted on Navi Finserv (2 December 2024), Arohan (3 January 2025), and Asirvad MFI and DMI Finance (8 January 2025) following remediation. Unlike monetary penalties, cease-and-desist halts primary business — and commercial impact is multiples of any fine, even where the eventual duration is short.

> THE QUESTION THE EMPLOYEE DID NOT ASK
>
> *When we set this rate, have we tested it against our cost of funds under RBI's current pricing guidance — and if commercial pressure is pushing us above the defensible spread, what is the escalation path before the rate reaches a customer?*

Signals tagged: PR · RA

9 · The pre-disbursement-interest charger

PRESSURE-RESISTANCE PATTERN

IIFL Samasta Finance (within a ₹0.33 cr order, 28 Feb 2025) and Poonawalla Fincorp (₹0.10 cr, 16 Aug 2024) were penalised for charging interest for a period prior to disbursement — directly contrary to the loan-agreement terms communicated to customers, and a Fair Practices Code violation.

> THE QUESTION THE EMPLOYEE DID NOT ASK
>
> *The interest start date in this loan record — does it match the actual disbursal date the customer signed, or is it set to an earlier date for booking convenience?*

Signals tagged: PR · PD

10 · The project-finance diligence skip

BRIDGE FROM FRONTLINE TO COMMITTEE

Two FY25 orders cite the same pattern: a scheduled commercial bank sanctioning term loans to a public sector undertaking against budgetary resources rather than project cash flows, without proper viability and bankability diligence.

IDFC First Bank ₹1.00 cr (order dated 5 April 2024) was penalised for sanctioning term loans to a PSU for financing infrastructure projects (i) without undertaking due diligence on the viability and bankability of the projects to ensure that revenue streams from the projects were sufficient to take care of debt-servicing obligations, and (ii) where repayment / servicing of the term loans was made out of budgetary resources.

ICICI Bank ₹1.00 cr (order dated 21 May 2024, prid=57982) was penalised under the same Master Direction on Loans and Advances — Statutory and Other Restrictions, the order citing that the bank had sanctioned term loans to certain entities in lieu of or to substitute budgetary resources envisaged for certain projects, again without undertaking due diligence on project viability and bankability.

Both vignettes sit at the credit-committee level, not the frontline. They are included as the bridge cases — the judgment call most RM-to-credit escalations actually hinge on, and the one most vulnerable to commercial pressure on a named borrower. The behavioural mechanism is identical to the frontline cases: a rule exists, a known senior decision-maker chose not to apply it under pressure.

THE QUESTION THE EMPLOYEE DID NOT ASK

Independent of who the borrower is, can the project's own revenue streams service this debt — and if the answer materially depends on government repayment, is this a project loan or a sovereign-exposure loan in disguise?

Signals tagged: **RE · PR · RA**

WHAT THE TEN QUESTIONS HAVE IN COMMON

Every one of them is a single employee’s unasked question in a single specific moment. None require new knowledge. All require a Judgment Quotient–calibrated frontline — the kind that can be measured, not just trained. Nine of the ten sit at the branch, ops, onboarding or credit-officer level. The tenth sits in the credit committee. The measurement instrument is the same.

SECTION 06 · CLOSING

One unasked question. One employee. One specific moment.

Every penalty in this report had one employee standing between it and the rule. The Judgment Quotient construct exists to measure that employee — individually, in the moment, before the inspection, before the order, before the board meeting.

The structural finding of this report is concentrated in three observations.

First, the rupee value of enforcement is dominated by Protocol Discipline failures — 68 of 79 attributed actions in the FACE subset — and Protocol Discipline is the most instrumentable of the four behavioural signals.

Second, eight of the ten most expensive failure patterns are the same patterns as the ten most frequent. The money is not in rare events. It is in routine workflow gaps repeated across institutions.

Third, the same behavioural mechanism — a rule known but not applied under pressure — surfaces at small co-operative banks for ₹50,000 and at large private banks for ₹1.91 crore. The size of the institution changes the penalty. It does not change the failure.

The Decision Risk Report and Judgment Risk Map referenced in the methodology section are board-grade artefacts produced by the ZenLearn Judgment Pulse — a six-week instrumented cycle that delivers scenario-based decisioning inside Microsoft Teams or Slack, scored on the four signals, and outputs a timestamped record defensible to an RBSA inspector and to the Audit Committee.

SECTION 07 · ABOUT ZENLEARN

About ZenLearn

ZenLearn is an enterprise decision risk platform measuring employee judgment quality through scenario-based simulations.

The platform produces a Judgment Quotient score and a Decision Risk Report for BFSI institutions, built for CROs and CHROs at banks, NBFCs and co-operative banks. The construct is in development as an academic paper with co-authors at IIM Mumbai.

Instrumentation is delivered inside Microsoft Teams (Adaptive Cards) or Slack (Block Kit) — no new application, no LMS login, no training calendar. A scenario card surfaces inside the channel the employee is already in. Response time per scenario is under ninety seconds. The output is a timestamped, signal-attributed, tamper-evident artefact defensible to an RBSA inspector and to the Audit Committee.

TO REQUEST A SUB-SECTOR DATA CUT

A sub-sector specific data cut — for private banks, public banks, foreign banks, NBFC-ICCs, NBFC-HFCs, NBFC-MFIs, NBFC-P2Ps, or co-operative banks — is available on request. The sub-sector cut presents the cohort-specific subset of the data in this report, with the named cases that apply, the cluster summary, and the signal distribution for the cohort. **Write to rohit@zenlearn.ai. A personalised response is sent within 24 hours.**

Report author: ZenLearn Research, Rohit Kumar. Window analysed: 1 April 2024 – 31 March 2025. Sources: RBI Annual Report 2024–25 (released 29 May 2025) and FACE SRO compilation (released 11 April 2025). Contact: rohit@zenlearn.ai · zenlearn.ai/judgment