

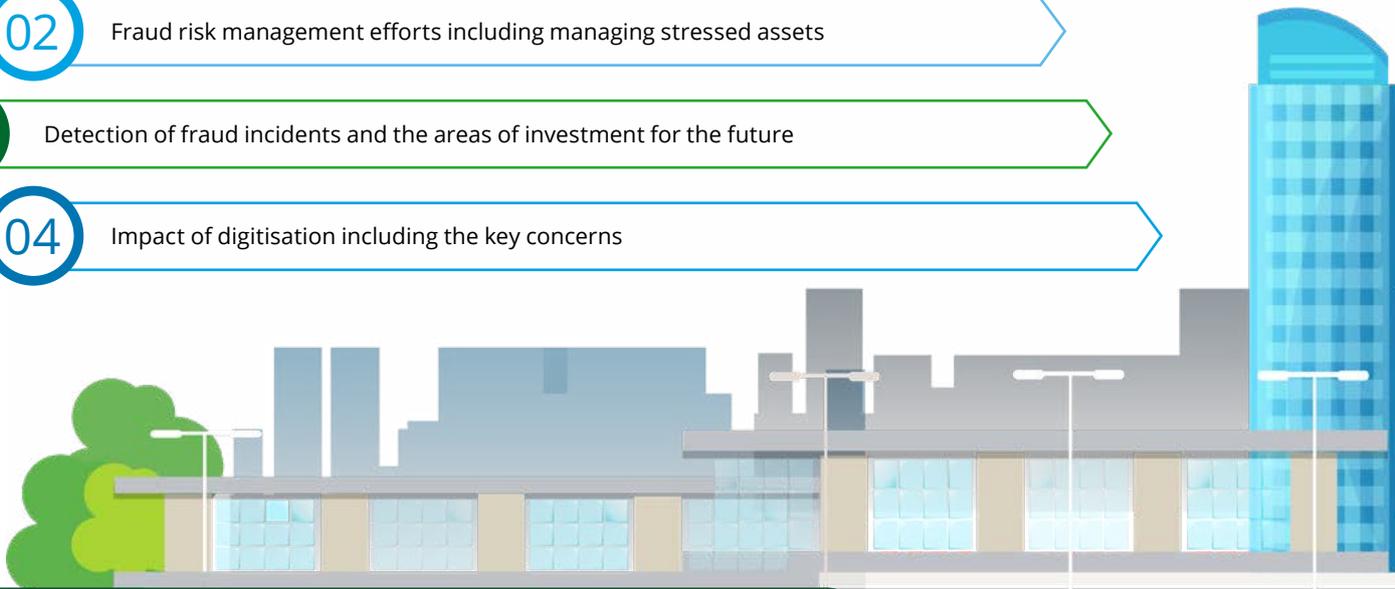


# Executive Summary

The India Banking Fraud survey, Edition III explores a range of issues facing the industry today, as pointers on the strategic and implementation challenges faced during fraud prevention efforts. This is the

third edition of our survey and following our previous surveys conducted in 2012 and 2015, the current edition looks at understanding some of the key aspects below:

- 01 Current perception of frauds in the industry including trends and emerging threats
- 02 Fraud risk management efforts including managing stressed assets
- 03 Detection of fraud incidents and the areas of investment for the future
- 04 Impact of digitisation including the key concerns



## A comparison of some of the findings across the three editions, indicate that:

	2012	2015
Fraud is on the rise and continues to rise rapidly than expected	<p><b>93%</b></p> <p>Of this, 64% of respondents believed fraud had increased by upto 10% over the previous years</p>	<p><b>93%</b></p> <p>Of this, 76% of respondents believed fraud had increased by upto 20% over the previous years</p>
Despite issues identified in earlier surveys, the root cause responsible for the increase in fraud appears to be the same and not adequately addressed	<ul style="list-style-type: none"> <li>Lack of oversight by the line manager or senior management on deviations from existing processes</li> <li>Business pressure to meet targets</li> <li>Difficulty in business scenario</li> </ul>	<ul style="list-style-type: none"> <li>Lack of oversight by the line manager or senior management on deviations from existing processes</li> <li>Business pressure to meet targets</li> <li>Lack of forensic analytics tools to identify potential red flags across different processes</li> </ul>
There appears to be a slight improvement in the ability to detect frauds (using technology), however issues still remain	<ul style="list-style-type: none"> <li>Internal audit/ legal/ compliance</li> <li>Anonymous complaint by an external party</li> <li>Through an internal whistleblower complaint</li> </ul>	<ul style="list-style-type: none"> <li>Through a customer complaint</li> <li>During routine account audit/reconciliation</li> <li>Through an internal whistleblower complaint</li> </ul>



2018

 **84%**

Of this, close to 40% of respondents believe fraud has increased over 20% in the last two years

- New technology/ digital channels that make fraud detection difficult
- Lack of forensic analytics tools to identify potential red flags across different processes
- Business pressure to meet targets
- During routine account audit/internal audit/ reconciliation
- Through a customer complaint
- Through an internal whistleblower complaint/ through internal automated data analysis or transaction monitoring software

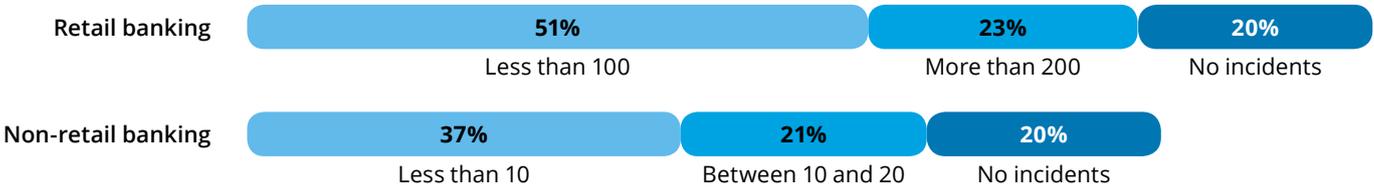
**Are banks guilty of underestimating the problem? And are they doing enough?**

**Are banks missing the wood for the trees?**

**Are banks getting the bang for their buck?**

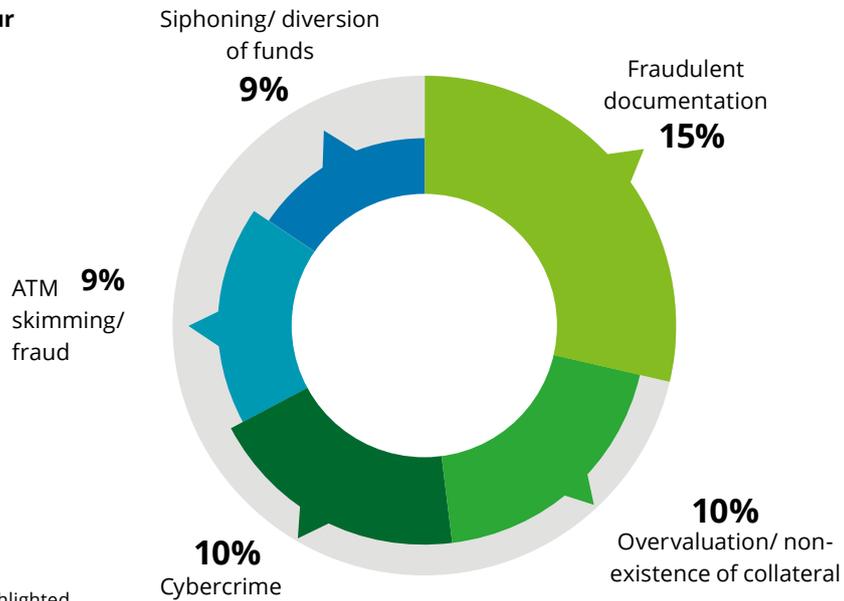
**Some of the other key survey findings to note are:**

**Fraud incidents encountered by your bank in the last two years**



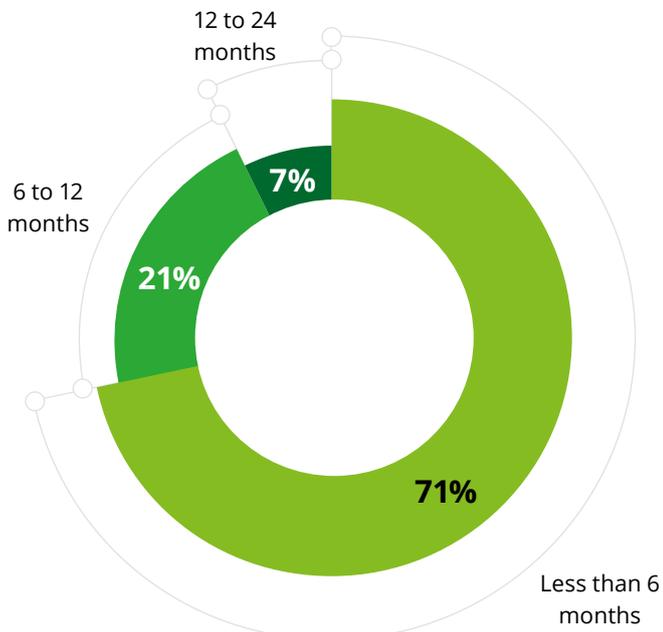
Note: The top three responses have been highlighted

**Types of fraud experienced by your bank in the last two years**

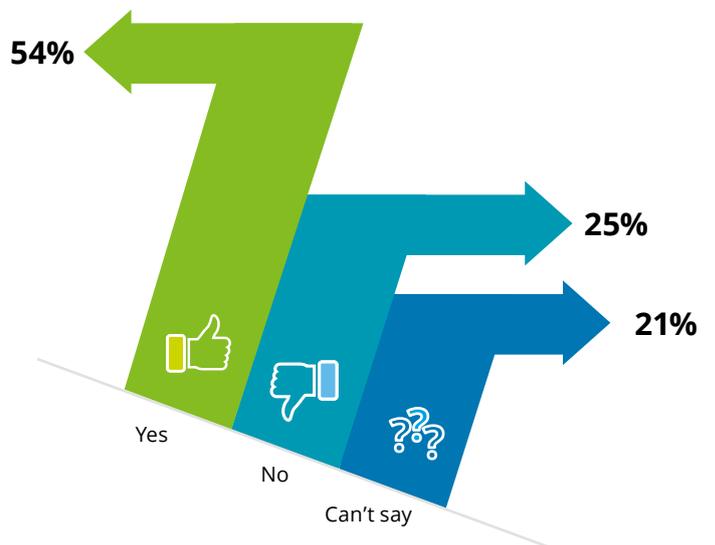


Note: The top five responses have been highlighted

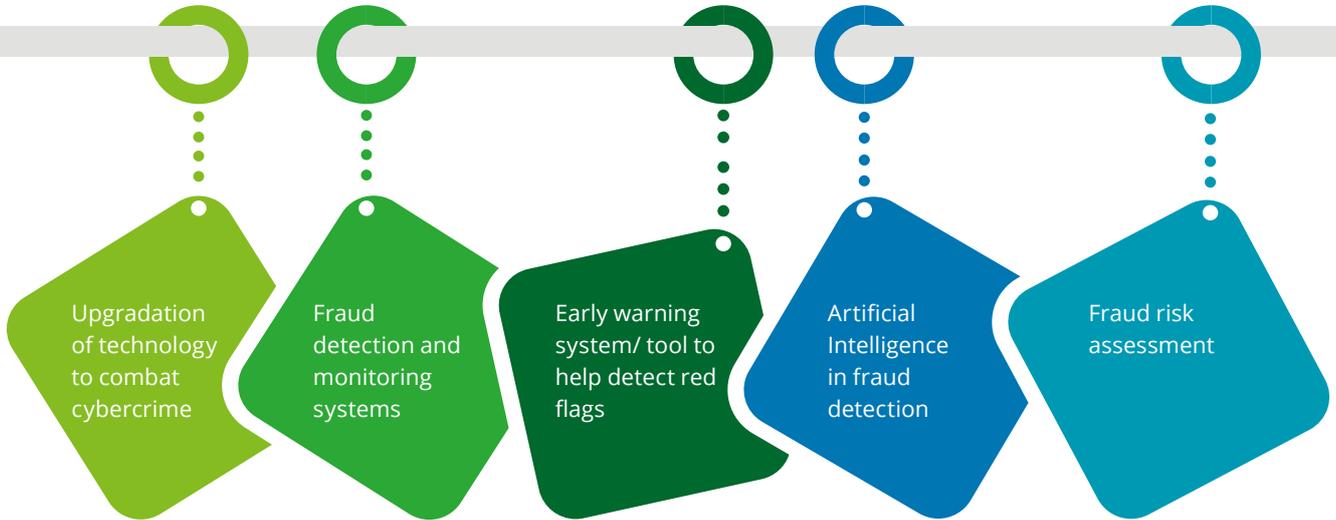
**Average time taken to uncover fraud incidents in your bank**



**Over the next two years, will the cost of anti-fraud measures increase?**

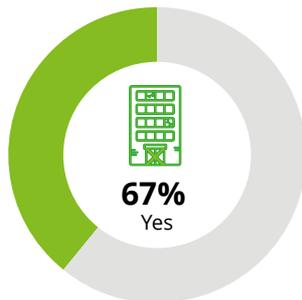


**Areas highest on the agenda, where investment will probably be made over the next 12 months**

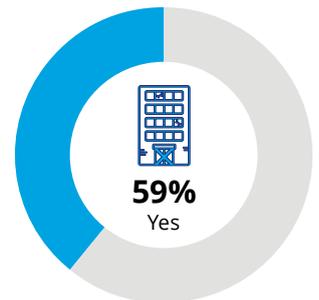


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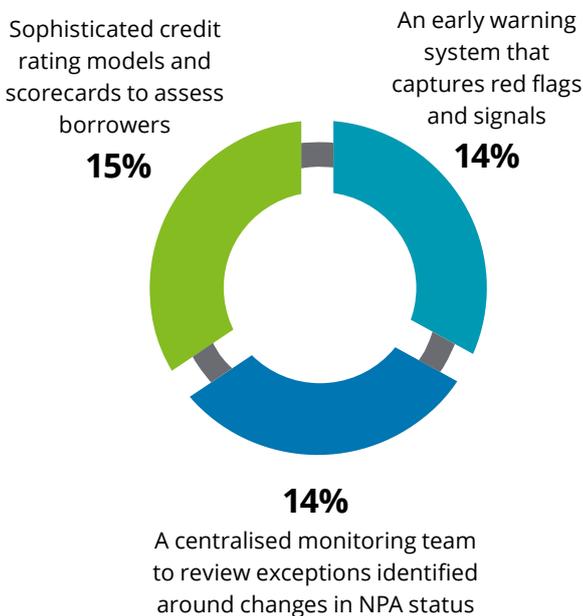
**Do you believe that lapses in the due diligence process during loan disbursement have led to higher stressed assets?**



**Does your bank have concerns related to suspected shell companies?**

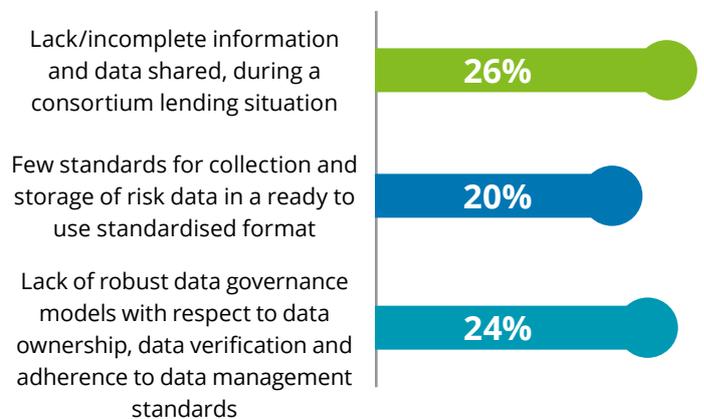


**Which of the following measures do you have in place to proactively identify and manage stressed assets?**



Note: The top three responses have been highlighted

**What challenges do you face in implementing a fraud risk management system in managing stressed assets?**



Note: The top three responses have been highlighted

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