

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO: 1691**

ANSWERED ON THE TUESDAY, 10 DECEMBER, 2024/19 AGRAHAYANA, 1946 (SAKA)

**MULE ACCOUNTS**

**1691 SHRI PRAMOD TIWARI:**

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has frozen a number of mule bank accounts, used for laundering proceeds of cyber-crimes;
- (b) if so, the details thereof including such accounts opened in public sector banks;
- (c) whether such accounts flag down shortcomings of the banking system and the role of bank officials; and
- (d) if so, the digital innovations being devised to tackle the menace of mule accounts?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): As informed by Reserve Bank of India (RBI), paragraph 59 of the Master Direction on Know Your Customer (MD on KYC), dated February 25, 2016 (amended from time to time) instructs the Regulated Entities (REs) to strictly adhere to the instructions on opening of accounts and monitoring of transactions in order to minimise the operations of 'Money Mules' which are used to launder the proceeds of fraudulent schemes (e.g., phishing and identity theft) by criminals. The REs have been advised to undertake diligence measures and meticulous monitoring to identify accounts which are operated as Money Mules and take appropriate action, including reporting of suspicious transactions to Financial Intelligence Unit – India (FIU-IND).

Further, FIU-IND have also implemented various measures for detection, prevention and elimination of mule accounts, which inter alia include sharing of intelligence reports with Law Enforcement Agencies (LEA), guidance to financial institutions on Red Flag Indicators on detection of cyber frauds, etc.

Ministry of Home Affairs has also launched the National Cyber Crime Reporting Portal (<https://cybercrime.gov.in/>) to enable the public to report all types of cybercrimes. Cybercrime incidents reported on this portal are analysed by Law Enforcement Agencies (LEAs) for identification and detection of mule accounts and forwarded to banks for necessary action, including freezing of account on a case to case basis.

(c) and (d): Banks utilize Anti Money Laundering software to monitor accounts for suspicious activity. This includes alert systems that identify potential mule accounts based on unusual transaction patterns. Financial Institutions are also exploring the use of Advanced Artificial Intelligence (AI) and Machine Learning (ML) models for identify patterns indicative of mule accounts. Banks are conducting regular awareness programs for their staff to educate them about money mule risks.

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