

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO-225

ANSWERED ON TUESDAY, FEBRUARY 4, 2025/MAGHA 15, 1946 (SAKA)

SIGNIFICANT JUMP IN BANKING FRAUDS

225. SHRI PRAMOD TIWARI

Will the Minister of FINANCE be pleased to state:-

- (a) whether the number of bank frauds witnessed a significant increase recording an eight-fold jump during the first half of the current fiscal year;
- (b) if so, the details thereof including the number of cases reported by public and private sector banks and the amount involved, bank-wise; and
- (c) the steps taken by banks to strengthen customer onboarding and transaction monitoring systems including co-ordination with law enforcement agencies?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): As per Reserve bank of India (RBI) data on frauds based on the date of occurrence, the number of fraud cases as compared to March 2024 have declined by 62.08% during the current financial year up to December 2024 in commercial banks and all India financial institutions.

(c): RBI's Master Direction on Know Your Customer (KYC) mandates that all Regulated Entities (REs), including banks to have in place Board-approved KYC Policy, which covers, *inter alia*, customer onboarding and transaction monitoring processes. Further, REs have been mandated to put in place a robust software capable of generating alerts when the transactions are inconsistent with risk categorization and updated profile of the customers as part of an effective identification and reporting of suspicious transactions process. Compliance to these regulations is continuously monitored by RBI. Further, in terms of the provisions of the Prevention of Money Laundering (PML) Act, 2002 and the Rules made thereunder, REs are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. REs are required to report suspicious transactions as well as transactions specified under the PML Rules, 2005 to the Financial Intelligence Unit (FIU). FIU, in turn, shares such information with national intelligence / law enforcement agencies, national regulatory authorities and foreign FIUs. It also coordinates and strengthens collection and sharing of financial intelligence through an effective national, regional and global network to combat money laundering and related crimes.
