

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 2003

ANSWERED ON TUESDAY, 10th MARCH, 2026/ 19 PHALGUNA, 1947 (SAKA)

MEASURES TO STOP FRAUDS COMMITTED BY BANK EMPLOYEES

2003 DR. LAXMIKANT BAJPAYEE:

Will the Minister of Finance be pleased to state:

- (a) whether there is rise in cases of frauds in banks by its own employees by illegally diverting public money and breaking lockers etc.;
- (b) the system in place in banks to curb such frauds by its own employees; and
- (c) the steps taken by government in the last five years and also the steps proposed to be taken to make the systems in banks robust to stop such frauds being committed by bank's employees?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) As per the information provided by RBI the number of frauds reported by banks involving cases of staff involvement (based on date of occurrence) have decreased from 2624 (FY 2020-2021) to 1935 (FY 2024-25) and further to 400 (FY 2025-2026) (till Sept'25).

(b) & (c) As per information provided by the Reserve Bank of India (RBI), the regulator has issued circulars to ensure prudent operational risk management measures which are implemented by its regulated entities. The Salient features of these direction for curbing internal frauds are as under:

- **Mandatory Leaves**
- **Staff Rotation**
- **Guidance Note on Operational Risk Management and Operational Resilience**

Further, Regulated Entities (RE) have been instructed to develop/strengthen their EWS (Early warning Signals) system by identifying suitable indicators and parameterising them in their EWS system for monitoring transactions. They have been advised to continuously upgrade the EWS system for enhancing its integrity and robustness, monitor transactions efficiently and prevent fraudulent activities. Further, they are also to test the effectiveness of EWS system on a periodic basis.
