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Tilte: Need to frame strong guidelines to check bank frauds in the country.

SHRI P.C. MOHAN (BANGALORE CENTRAL): It has been reported that during the past four financial years, the total amount of loss due to bank frauds in India has mounted to a whopping amount of Rs.12,620 crore. This amount is attributed to 4845 accounts in 25 nationalised banks. Of these, a sum of Rs.2060.75 crore pertains to banks in Karnataka comprising 5 nationalised banks. The figure pertaining to the private sector has not been included in the report. But as per RBI statistics as on 31 March, 2013, the total number of cases are 176547 which amount to Rs. 31,401.01 crore including commercial banks, NBFCs, UCBs, and FIs.

The bank frauds can be classified as (1) Technology related, (2) KYC norms and (3) Loans & advances. An analysis of bank fraud reveals that 65% of the total fraud cases pertain to technology related such as internet banking, ATM transactions and credit/debit cards whereas 64% of the total amount of bank frauds pertain to advances portfolio. It has been further reported that during the last four years, the large value advances especially Rs. 1 crore and above have increased both in terms of number and amount. RBI guidelines like chip based ATM/Credit cards, system control and monitoring should be made mandatory instead of simple policy guidelines. Regarding the credit portfolio, pre-audit of sanctions securing collateral security should also be made mandatory. In case of failure on the part of the staff, accountability should be fixed. It is inevitable to bring a strong IT system with unbreakable firewall, effective policies and procedures, mandatory guidelines and proper follow up mechanism should be framed to avoid any such frauds in future. I request the Finance Ministry to advise the RBI to frame strong guidelines which should be mandatory for all officials of the Public Sector Banks.