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It is expected that from 2020 to 2024 number of bank users is likely to increase by 50%, in number, 76% of global people have bank accounts which is big achievement. In India **Pradhan Mantri Jandhan Yojna** was started in 2014 by central government and under this scheme poor people were allowed to open account in banks with zero balance. Result of this scheme is that at present number of bank account is 44.23 Crore and out of these 34.9 crore are with public sector banks, 8.09 crore are with regional rural banks and 1.28 crore are with private sector banks. 100 Million customers are served by 39,734 employees in 5721 total branches.

No doubt number of accounts and number of account holders are increasing with very high speed but there is other side of coin also i.e. number of frauds in banks are also increasing rapidly. This study is based on **secondary data** available with Reserve Bank of India related to frauds in banks. Last five year available on RBI website up date is analysed. **Importance of this study** to know how scammers were dealing or increasing in number of frauds during last five years and measures taken by RBI and banks to prevent frauds. But before all these it is important to know what types of frauds generally happen in banks. RBI has categorised in its report as Frauds in Advances, Card/Internet, Deposits, Off balance sheet, foreign exchange transactions, Cash/Cheques/Demand Deposits, Inter branch accounts, NRIs and others,

Fraud in Advance

This type of frauds are also known as Loan Frauds. In this case individual or organisation present wrong and false information regarding collateral security and obtain advances from bank. Fraudulent also use fake identities which they have stolen and apply for loan. Sometime stolen credit cards are also used by them for purchasing or making some payment of bills.

Debit Card/Internet Fraud

Scammers sometime steal the PIN, Debit Card Information, Username and Password and use all these for purchasing, transferring money, payment of bill and withdraw money from ATMs. Cloning of debit card by scammers is very popular fraud now days with the help of steal information. Once this happens victim never get back his money. Email, Text Messages, Phone Calls are other ways of frauds by scammers.

Deposit Frauds

Deposit frauds are very common with high amounts. In this system scammers open an account with the bank and start collecting money from common people for these deposits. They offer high interest rates on deposits. Even some time they doubled of deposit money in 3-4 years. After a gap of time scammers withdraw all money in a single drawn and run. In these cases banks never get back this amount.

Foreign Exchange Transaction Fraud

Another name of this fraud is money laundering. In this case account holders deposit money in their account and try to show that this fund has come from a legitimate business. Legally banks have to report in suspected case to Reserve Bank of India. But that does not happen in time and after some time fraudsters transfer this money in foreign banks. The vice versa is also possible in a way that illegal funds can also be transferred from foreign banks to Indian banks.

Cash/Cheque/Demand Draft

All these frauds are similar in nature. Cash is drawn by fraudsters from with fake documents or fake signatures. They also use fake signature on cheques for withdrawal from banks. Some times with the help of demand draft fraudsters transfer or draw cash from bank. In case of demand draft involvement of bank staff is not ignorable, sometimes, they remove DD leave or DD books from stocks and it looks like a regular Demand Draft and DD holder can withdraw money from any branch.

Off Balance Sheet Frauds

This type of fraud happens at bank level and banks do not shows/disclose some frauds (Full disclose of Assets and Liabilities) in balance sheets. All this information is very important for investors at the time of investing in bank shares or securities. Although RBI and SEBI issues guidelines from time to time for full disclosure of information but some banks do not follow these instructions.

Non-Resident Account Frauds

Non Resident Indians use their account for transfer of black money from abroad to Indian Banks and Indian Banks to foreign banks. Involvement of employees in stealing funds from NRI's account is also possible.

Inter Branch Accounts frauds

When amount is drawn by fraudsters from a branch other than main branch in which originally account is maintained, these frauds come in to light at the time of audit of reconciliation of accounts. However, from time to time RBI issue guidelines in this regard.

It is very difficult to prevent above mentioned frauds because of many reasons. Such as Hi-tech crime in which investigator is not able to find out where is the exact location of fraud and which technology has been used by fraudsters. When crime happen at international level it is not possible to catch fraudsters due to limitation of law and agreement with other countries. Faceless crime is another hindrance to catch fraudsters because crime is done through computers and tracing of involved person becomes difficult.

Analysis and Interpretation

Frauds in Advance

Table 1

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	2320	2525	3603	4608	3501	50.91
Amount in Rs.Crore	20556	22558	64539	181942	137023	566

Source:- RBI annual reports

It is evident from above table that in number of frauds in advance have increased by 50.91 per cent since year 2016-17. But it is also important to note that in Covid-19 period it has decreased by 24%. The reason may be that fraudsters were not so active at that time. Analysis from amount point of view show massive increase i.e. 566%. It is a alarming situation for RBI and Banks if it continues the same trend in future. However, during the Covidperiod it decreased by 24.69% it may be due to as mentioned above reason.

Frauds in Card/Internet

Table 2

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	1372	2059	33	34	23	-98.32
Amount in RsCrore	42	110	5538	2445	535	386

Source:- RBI annual reports

In case of frauds in Card/Internet it is very interesting to analyse that in case of number of such type of frauds drops down by 98.32% in last five years and during Covid period it has drop by 32.35%. It is a good news. When analysis is done in amounts it shows increase by 386% in last years, but during Covid period it has dropped by 78.11% in a single year. Here RBI and Banks have to do more hard work with new security features.

Table 3

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	693	691	13	8	4	-99.42
Amount in RsCrore	903	457	695	54	129	-85.71

Source:- RBI annual reports

Here all is good for RBI and Banks because number of cases frauds in deposits have dropped with high percentage i.e.99.42%, in case of amounts it has decreased by 85.71%. So in both the cases, it is good and in near future this type of fraud may not happen.

Frauds in Off Balance Sheet

Table 4

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in times
Cases In Number	5	20	1866	2677	2545	509
Amount in RsCrore	63	16288	71	129	119	1.89

Source:- RBI annual reports

Frauds in off balance sheet have increased by 509 times in last five years and in amount it has increased by 1.89 times. It is evident from above table that number of cases is increasing but amount of such frauds is not increasing with same speed. The reason may be that somewhere RBI and SEBI guidelines are working and fraud amount is under control.

Frauds in Foreign Exchange Transactions

Table 5

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	16	9	593	530	504	3050
Amount in RsCrore	2201	1426	148	616	434	-80.28

Source:- RBI annual reports

Number of cases in frauds in Foreign Exchange Transaction has increased by 3050%, which is huge increased but another side of this fraud is quite good because total amount in these frauds is decreased by 80.28% in last five years. So there is need of control in number of cases.

Frauds in Cash

Table 6

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	239	218	3	2	2	-99.16
Amount in RsCrore	37	40	0	0	0	-100

Source:- RBI annual reports

It is very good and encouraging step by RBI and internal system banks that fraud in cash has reduced to almost zero in number as well as amount. It shows that cash handling system has improved in last five years.

Frauds in Cheques/Demand Drafts

Table 7

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	235	207	274	371	329	4
Amount in RsCrore	40	34	56	63	39	2.5

Source:- RBI annual reports

Frauds in Cheque and Demand Drafts increased very little and that is 4% in number of cases and 2.5% in total amount. And reason behind this is that all banks are now using electronic system for clearing cheque and demand drafts, which has reduced the chances of frauds by scammers.

Frauds in Inter Branch Accounts

Table 8

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in Times
Cases In Number	1	6	189	201	263	263
Amount in RsCrore	0	1	34	39	85	85

Source:- RBI annual reports

Table clearly shows that frauds of inter branch transaction are increasing in last five years it has increased by 263 times and in case of amount it has increased by 85 times. So there is need of control by RBI and Banking system because these frauds are made by employees of Banks.

Table 9

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	27	37	24	22	14	-48.15
Amount in RsCrore	6	6	209	7	4	-33.33

Source:- RBI annual reports

Clearing frauds are carried out by employees of banks and from above table it is evident that frauds in clearing have decreased by 48.15 % in number of cases and 33.33 % in amounts. So strict rules and regulation of RBI and applied by banks reduced all these frauds.

Frauds in Non Resident Accounts

Table 10

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	10	6	3	8	1	90
Amount in RsCrore	3	5	0	1	0	100

Source:- RBI annual reports

Frauds in NRI's account have decreased by 90% in number and almost 100% d in amount in last five years. These frauds are near to eliminate and RBI and Banks are doing well in this filed. Practices adopted by Central Bank should be continued in future.

Other Frauds

Table 11

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	153	138	197	242	277	81.04
Amount in RsCrore	77	242	244	172	54	-29.87

Source:- RBI annual reports

Remaining other frauds in number has increased by 81.04% but in amount it has decreased by 29.87. It is a positive sign because number has increased but amount decreased. Per number fraud amount was 0.50 crore in year 2016-17 and it has reduced to 0.19 crore in year 2020-21.

Frauds Grand Total

Table 12

	Yr 2016-17	Yr 2017-18	Yr 2018-19	Yr 2019-20	Yr 2020-21	Change in %
Cases In Number	5071	5916	6798	8703	7363	45.2
Amount in RsCrore	23928	41167	71534	185468	138422	478.49

Source:- RBI annual reports

It is analysed from above table that in last five years total cases of frauds in number has increased by 45.2% and it is a big increase and in case of total amount it has increased by 478.49% and that is alarming indication. Per case fraud amount also increased from 4.72 Crore to 18.8 Crore and it is almost 4 time increase.

Conclusion and Suggestions

In different types of frauds, frauds in number has decreased in Card/Internet, Deposits, Clearing, Cash and NRI's Account and fraud amount has decreased in Deposits, Foreign Exchange Transactions, Cash, Cheque/DD, Clearing and NRI's Accounts. Fraud Number has increased in Advances, Off Balance Sheet, Foreign Exchange Transactions, Cheque/DD, Inter Bank Accounts and other frauds. When comparison has been made in fraud amount it has increased in Advances, Card/internet, Off Balance Sheet and Inter-Branch Accounts.

Maximum frauds in number increased in Foreign Exchange Transaction and highest decreased is noticed in cash frauds. In amount in Advances increased by 566% which is maximum and maximum decreased is in fraud in cash.

Clearing, NRI's Accounts, Cash and Deposits are the areas where numbers of cases of frauds and total amount of frauds both have decreased and this is a good sign. Frauds in advance, Inter Branch Accounts and Off Balance Sheet increased in number as well as in amount.

Suggestion:- In some areas RBI has done wonderful job with the help of Banks and in some areas where use of technology has increased frauds are also increasing. So these are the areas need of improvement in technology is required. Especially in case of sanctioning advances and Foreign Exchange Transactions, where scammers are looking one step ahead of RBI and Banks. In last not least involvement of Banks staff should be reduced either by moral training and making them expert in technology.

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