

The Face of Digital Frauds in Digital Banking Scenario – A Literature Based Study

M. Kannan

Assistant Professor, Department of Computer Science and Applications, SCSVMV, Enathur, Kanchipuram-631561, India

Abstract: *The evaluation of technology based banking in this sphere of all banking activities from deposit to facilitation services have fetched all the category of customer to associate any form of digital services either as mandatory or a social status. Today in Indian banking industry has single to digital multi services offered to customers irrespective of the banking system, but at the same time, the velocity of digital frauds spread across the various services either by poor attention of bankers or by fraudulent. This study takes the opportunity to completely relook the parallel movement of digital banking services and related digital frauds through available literature survey. This study is descriptive and historical in nature in which existing literatures are reviewed and described.*

Keywords: Technology, Banking, Digital frauds, Fraudulent

1. Introduction

Digital banking is a wider term which includes all form of banking activities which we did traditionally through manual process with the support of bank employees are done through machine support action like through teller machine, deposit machine, internet and mobile. The range of services offered in digital banking also augmented compare to traditional banking. The dependencies of customers towards bankers have drastically come down due to digital banking. But at the same time, the convenience of digital banking also poise the problem of digital privacy and security issues to customers. The digital security and privacy issues happens due to the free flow of customer data base on open sources and mis utilization of those data by the fraudsters for stealing customer records, money and other matters without their knowledge, cheating of customers while they use their credit and debit cards, misguiding customers by creating duplication webmail, pages on the name of their current banks and as well as misleading of e payment activities. All these things are happening reasonably on digital banking even through the banks and regulatory bodies lay strict norms and actions. The redundant activities happens in the digital banking scenario is known as digital frauds. This work deals with reviewing the papers with related to digital frauds and presented in the following sections.

2. Objectives of the study

- To understand the origin and growth of digital frauds in digital banking service.
- To underline literature reviews undertaken on studying digital frauds in digital banking service.
- To critically analyze the various digital frauds and its cause root and its outcome.

3. Literature Review

https://en.wikipedia.org/wiki/Banking_in_India [1] banking operations were started in India during the 18th century. Bank of Hindustan is the first bank established in 1770 and the general bank of India established in 1786, it does not succeed its operation and failed in 1791.K.C. Chakrabarty

[2] discussed various statistics report about bank frauds. RBI prescribed bank frauds in 1970. It is noted that 176547 number of cases have been registered with respect to various categories of banks and 31401.01 crores of amount involved in banking frauds. Private sector and foreign banks reported highest number of banks frauds accounted when compared to public sector banks. Further explained that categories of frauds are technology oriented, know your customer details and advances related. Suggestions are also provided to protect the bank frauds for the welfare of society.

Charan singh[3] conducted an interview from officials working in the banking industry and investing agencies to explore the frauds in the Indian banking industry. The result reveals that India is facing serious cybercrimes in the last ten years say 2004 to 2015. According to Identify theft fraud, Government document or benefits fraud sits in the top priority. They also expressed that more amount of frauds is taking place in public sector when compared to private sector banks. The reasons are lack in supervision, problems in incentive system, lack of coordination between employees, poor technology adoption, lack of awareness about bank frauds, unnecessary delays in legal reporting and loopholes in the system. [T.S.Vigneshwaran and M.Yokesh] [16].

According to ASSOCHARM report [4] it is revealed that mostly during NEFT/RTGS transactions many cybercrime cases are registered to RBI with the value of 0.80 million during 2014-15. Also cybercrime was top economic crime across the globe including in India. [David Vergara] [10].

According to Experian report [5] conducted a survey from 5500 customers and 500 business sectors to understand what customer think about security protocols nowadays and gauges however assured business area unit in their ability to accurately determine their customers. In order to control the business, they used various prevention mechanisms such as passwords, account set-up measures, credit card security measures, security questions, payment processor measures, pin codes, multifactor authentication, document verification, one time password and knowledge based authentication. Among these, password got 52%, it indicates that it plays

a vital role in controlling fraud detection and authentication mechanism.

Dr. Sukhamaya Swain and Dr. Lalata K Pani [6] explained that India have lost roughly 22,700 crores on account of banking frauds. Every year, the amount was increasing because of fraudsters. During the year 1990-1999, evolution of bank frauds are fake currency, cheque forgery and loan without diligence, according to 2000-2015, evolution of bank frauds are cybercrime, benami accounts and know your customer details. They have highlighted various statistics report related to bank frauds in private banks, foreign banks and public sector banks. Various suggestions are recommended to protect bank frauds.

Partha saha et. al[7] proposed framework for independent authentication on agents. Also they have discussed about the role of agents and their activities.

Dhananjay B and Suresh Chandra B [8] discussed about evolution of electronic banking, growth of electronic banking system in India, also hypotheses were taken to test the significant difference between electronic payment products and after the formation of NPCI.

Madan Bhasin[9] banking operations will helpful to improve the financial sector ultimately it improve the growth of an economy, at the same time, banking operations are highly affected by digital frauds through fraudsters [11]. The author conducted a study from 345 bank employees to understand the perception about bank frauds and the significant factors. The result reveals that poor employment practices, ineffective training towards technology upgradation, heavy workload, poor internal control system, less compliance levels on the part of bank employees [Neha Sharma and Dr. Dhiraj Sharma] [15].

Chanchal Sharma et.al [12] discussed about meaning of bank frauds, impact of fraud, classification and prevention of frauds and mechanics of bank frauds.

Joseck Luminzu Mudiri [13] discussed about key enables of fraud, categories and impact of frauds in mobile financial services.

Shewangu Dzomira [14] conducted a study from the 57 respondents who are working as CEOs, auditors, risk managers and BAZ members from 22 banks as descriptive study. The result reveals that lack of resources, inappropriate cyber laws, lack awareness and knowledge in banking frauds and technology are the main reasons in cyber fraud phenomenon.

Sukanya Kundu and Nagaraja Rao [17] result reveals that ignorance, situation pressure and permissive attitude are the major reasons for banking frauds.

The research gap identified through this literature reviews are very few authors have travelled and work towards perceptions and trust concepts in digital banking and banking frauds.

4. Conclusion

Digital frauds takes place in all form of consumption services across the industry in the invoke of digital economy. But the significance of digital frauds are most intensive and crucial in banking services, since banking is always start and end with financial instruments and dealings. It is blood of human being and more over through this study by reviewing relevant literatures on various forms of digital fraud in different digital banking services across the difference types of banks concludes that there is a direct proportion of digital frauds to digital banking and moreover it is unavoidable of digital evils on technological development even though stringent norms and securities have been created. It can be minimized only by better understandability of customers and necessity of the services availed. Further this work can be extended about perceptions, security and trust towards digital banking and frauds in digital banking.

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