



FACULTY OF JURIDICAL SCIENCES

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Fraud in cases of remittances and preventive measures:

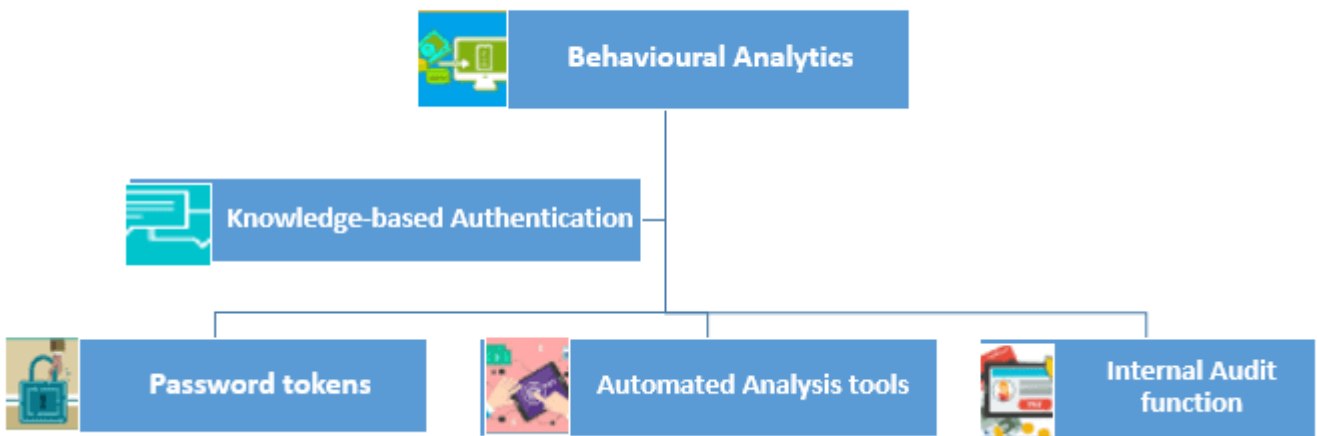
In today's world, which is gripped by digitization, India witnessed a sharp inclination toward banking and e-payments in November 2016. It was the effect of a cash crunch after the ban of INR 500 and INR 1000 currency notes (demonetization) that more and more people started opting for bank accounts. This faith in bank accounts triggered further faith in e-payments. Besides, the government began pouring several perks and security measures for the ones opting for digital/e-payments. Eventually, this all led to "banking the unbanked" and the majority started shifting to digital methods of making transactions.

This was the digital wave, which swept away the undying devotion to the cash-oriented method of making payments in India. The same is quite evident in a finding, which reveals that India has gone up by more than 50% in terms of indulging in digital transactions.

Although, it took time for the country to be in terms of the new technology of making payments via digital platforms. Gradually, there has been a steep rise in the number of people (rural and urban areas) shifting to [online payments in the country](#), all thanks to the awareness and perks offered by govt. On the contrary, advancing technology at such a rapid rate does make digital methods of payment more vulnerable to fraud simultaneously for which there are **fraud prevention practices**.

Fraud Prevention Practices are taking a Toll on Fraud Schemes

With the rise in the complexity of fraud schemes, there is a simultaneous rise in the ways to combat the same. This implies that "minimizing potential frauds" is as imperative as bringing innovation in the digital sector. It is the same technology that brings innovation, is changing payments' mechanism for the better and, is also continuously introducing ways to combat digital payments' related frauds. **Having mentioned that, let's take a look at some of the many ways in which technology is keeping fraud-related interventions at bay-**



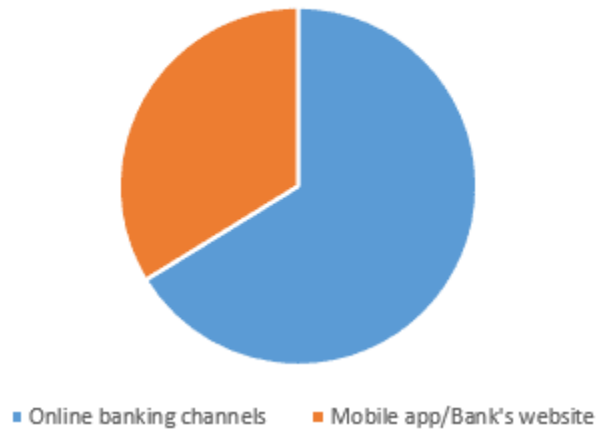
- **Behavioral Analytics** helps to monitor navigation techniques and other aspects of a user's online behavior. With this technology, it becomes convenient to understand any such activity, which indicates fraud or suspicion.
- **Knowledge-based Authentication** implies a series of questions with answers to each typed and saved by the user. In case any of the answers typed is incorrect, it immediately takes the individual attempting access to the payment out of the platform.
- **Password tokens** are the OTPs (Time only passwords), which give the user a one-time password on their device which expires as soon as the allowed time-limit of using it is crossed.
- **Automated Analysis tools** are fraud analysis tools, which identify fraud attempts on time. Solution providers tend to provide real-time transaction screening, third-party screening, and compliance solutions.
- **The internal audit function** is required to keep a regular check. A regular internal audit helps to remain one step ahead of the fraudsters and conclusively, to combat maximum fraud.

Besides, it is imperative to provide enough education from the banks as well as the service provider's end about fraud prevention measures. Online banking is beneficial for customers/merchants for the convenience and banks for lower costs. As fraud affects a business's customer relationship quality and customer loyalty, an effective set of preventive measures are a must. Since technology is rapidly bringing innovative online payment methods, frauds are also evidently on the rise. Although, the good news is that there are fraud-combating effective technologies to adopt.

Growing Banking practices

It is without a doubt that the banking practices are growing by leaps and bounds in India. It is more so ever since demonetization. With the help of various government initiatives to make people understand the benefits of banking, the majority of the people in the country have shifted toward digital methods of making payments. Be it shopping online, or at a brick and mortar store, masses have drastically shifted toward opting for making payments digitally instead of in cash. According to the Economic Times, here is how online banking has made its way into the ecosystem-

Distribution of percentage of people opting for digital payments on different platforms



The above pie chart shows that 51% of Indians use online banking channels, whereas **26%** of Indian customers prefer to access services via their bank's website and the same number would prefer to use a mobile app rather than talk to a human agent.

Source: Economic Times

This information reveals that despite the banking fraud rearing its ugly head now and then, the preventive measures and fraud-combating ways/technologies are impactful. The impact/effect of which is quite evident in the data above that shows a growing number of online banking practices amongst the masses.

MCQs

1. The safest place for keeping money
 - a) A pit dug in the ground
 - b) An iron box
 - c) Bank
 - d) Money lender
2. Gold and silver ornaments should be kept in bank lockers
 - a) It is safe

b) No risk of theft

c) Both (a) & (b)

d) None of above

3. Currency notes are issued by

a) RBI

b) NABARD

c) Public sector banks

d) Central Government

4. Coins are issued by

a) Government of India

b) NABARD

c) Public sector banks

d) State Bank of India

4. Bank Pass Book is

a) Issued by Bank

b) Contains transaction details of Bank account

c) Shows balance in account

d) All of above

5. Banks pays interest on

a) Deposits

b) Loans

c) Both (a) & (b)

d) None of above

6. Bank charges interest on

a) Deposits

- b) Loans
- c) Both (a) & (b)
- d) None of above

6. Education Loans

- a) Cover tuition fee & expenses
- b) Are repayable after completion of course
- c) Granted for studies in India & abroad
- d) All of above

7. Business Correspondent means

- a) An agent who provides banking services
- b) An agent of business house
- c) A type of money lender
- d) None of above

38. Internet banking refers to

- a) Operation of account through internet
- b) Opening of account through ATM
- c) Both (a) & (b)
- d) None of above

39. Nomination once done can

- a) Not be cancelled
- b) Be cancelled
- c) Not be changed
- d) None of above