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TOPIC OF RESEARCH: AN EMPIRICAL ANALYSIS OF BANKING FRAUDS IN INDIA: ISSUES AND IMPLICATIONS

FINDINGS

Banking frauds in India have emerged as a systemic and evolving threat, affecting both financial stability and public trust. This study examined the scale, and determinants of banking frauds in India. The findings point to both structural and operational weaknesses across the sector. While regulatory reforms have improved fraud detection and reporting, advances still account for the largest share of banking frauds. These cases often stem from weak lending practices, collusion, and poor follow-up, with public sector banks being more exposed than their private counterparts. Alongside this, digitalisation has fuelled a sharp rise in card and internet frauds, pointing out that technological progress, without adequate safeguards, can create new risks as quickly as it solves old ones.

The statistical analysis confirmed that deteriorating asset quality, high operating costs, and aggressive lending strategies significantly increase fraud vulnerability. The results suggest that fraud is not simply an outcome of individual misconduct, but of systemic inefficiencies and lapses in governance.

The study concludes that building resilience against fraud demands a multi-layered approach. Regulators need to go beyond compliance-based frameworks and adopt real-time data sharing, predictive analytics, and closer coordination between agencies. Banks, for their part, must reinforce internal controls, rotate staff to limit collusion, and invest more in training, fraud analytics, and cybersecurity. Equally crucial is customer education, particularly in rural and semi-urban areas where digital literacy remains uneven. Faster legal processes and stronger shareholder oversight are essential if the sector is to restore trust and credibility.