

## “IMPORTANCE OF SKILL DEVELOPMENT IN CONTROLLING E-BANKING FRAUDS”

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**Abstract :** Banking system in India is started in the year 1770 and slowly the system of working has changed drastically. Previously major of the work was done manually but due to great revolution in banking sector changed the system from manually to automated system this revolution started in the year 1990. The work procedure can to a nut shell. The time and cost of work reduced and the procedure are too fast that money can be sent and received on the tip of the figure. By pressing only one button anybody can perform almost all the banking activity from anywhere. For this information technology is responsible. It has given us the opportunity to expand reach ability to a greater extend. Due to E-Banking facility trade and commerce achieving the success to its greater extend. Due to E-Banking facility great positive change can be seen in world's business market. But a coin always has a two side. There is a great risk involved in E-Banking system. Frauds can be taken place easily in E-banking sector. Hacker can hack the information and can perform E-banking fraud easily. Phishing, spam, spy wire are the common term used in E-banking frauds. The data says that there is an increasing number of E-banking frauds from year to year the only reason behind E-banking fraud is lack of training, awareness and development of skills. If different awareness program, campaign, training and development sessions and skill development program will be conducted for the internet banking users then E-banking frauds can be reduced and a better and secured E-banking facility can be provided. it will be a key to economic prosperity if corrective measure and skill development takes place.

**Key Words :** E-Banking, Frauds, Skill development

### INTRODUCTION

Banking system started in India in the year 1770. Bank of Hindustan was the first bank in India which was situated in Kolkata. The pattern of banking system changed from year to year. Previously a huge crowd could be noticed standing in the long queue to perform banking activities. But due to revolution in Information technology sector, a new era of banking system started from 1990 in India. E-banking system introduced first by ICICI bank. It has given us the opportunity to expand reach ability to a greater extend. Due to E-Banking facility trade and commerce achieving the success to its greater extend. Due to E-Banking facility great positive change can be seen in world's business market. But E-banking does not give only positive aspects to the society but also responsible for the degradation in the banking world. Due to E-banking frauds the status of banking system came down. E-banking frauds are a fraud or theft done by using online technology to illegally withdraw money from a bank account. This technique can be Phishing, spam, spy wire etc. E- Banking frauds mostly takes place in online banking transactions for payment and receipt. Most of the bank facilitates its customer's E-banking system but does not provide training to use the system due to which number of E-banking frauds comes into existence. Due to core banking facilities like ATM, mobile banking internet banking, debit and credit cards opportunity increased but simultaneously threats also

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increased. Due to E-banking frauds the status of banking system is in danger. It is decreasing the reliability on E-banking system. System has to develop and further require improving the security in E-banking transactions. Not only from the end of the bank but also from the side of customers, skill should be developed in such a way that the possibility of frauds come to an end. For these simultaneously training and development session, awareness program, campaigning and skill development should be conducted frequently from time to time for prevention and detection of E-banking frauds. If E-banking frauds will be controlled then there will be economic prosperity for every individual in the country and can be invested for the growth and development of the country. Different skillful frauds prevention steps should be taken to get the success in the area on E-banking sector.

### **STATEMENT OF PROBLEM:**

- a. Increasing number of E-banking frauds in society.
- b. Lack of knowledge, training, awareness programme against E-banking frauds.
- c. Lower literacy rate among bank customer of urban and semi urban areas.

### **OBJECTIVE OF THE STUDY:**

- a. To understand the concept of E-banking and frauds related to E-banking
- b. To know the preventive and detective steps against E-banking frauds
- c. To know the importance of skill development programs in economic prosperity by reducing E-banking frauds.

### **REVIEW OF LITERATURE:**

- a. Consumer education is critical to preventing Internet fraud. Most individuals will take action if they believe it will decrease their chances of being victimized by fraud, as long as the action does not significantly inconvenience them. By educating customers, financial institutions can decrease their fraud losses.
- b. While the Internet offers great opportunity, its pervasiveness also poses a real threat to every business, whether or not it offers online services. In contrast to other technologies, lack of participation in online technology will not protect a financial institution from its dangers.
- c. There is not, nor will there ever be, a perfect strategy to eliminate Internet risk to financial institutions and our customers. However, the widespread use of mitigation strategies can minimize many risks and make online banking safer for consumers and institutions. When online banking is more secure, and consumers have confidence in the services their financial institution provides, everyone can benefit. (BITS Financial Services)
- d. Most retail cyber frauds and electronic banking frauds would be of values less than Rs.1 crore and hence may not attract the necessary attention of the Special Committee of the Board. Since these frauds are large in number and have the potential to reach large proportions, it is recommended that the Special Committee of the Board be briefed separately on this to keep them aware of the proportions of the fraud and the steps taken by the bank to mitigate them. The Special Committee should specifically monitor the progress of the mitigating steps taken by the bank in case of electronic frauds and the efficacy of the same in containing fraud numbers and values. (RBI)
- e. Sophisticated online banking fraud involves multiple resources, including human wisdom, computing tools, web technology and online business systems. The instant and effective detection of such fraud challenges existing fraud detection techniques and systems. In this paper, we report our study and practices in the real world. A systematic online banking fraud detection approach is introduced. Its framework takes advantage of domain knowledge, mixed features, multiple data mining methods, and a multiple-layer structure for a systematic solution. (Wei Wei)
- f. The proposed methodology is aimed at detecting fraud in case of internet banking. In Internet Banking a Fraud detection system will run at the bank's server and its function to detect fraud in online transaction. This is a Prediction system. Fraud detection is carried out using Hidden Markov Model which uses Baum-Welch algorithm. Initially after detecting a fraud it sends a one-time password to mobile number. Here prices are divided into three ranges. Low, Medium, and High. We model the sequence of operations in online banking transaction processing using a Hidden Markov Model (HMM) and show how it can be used for the detection of frauds. An HMM is initially trained with the normal behavior of an account holder. If an incoming online banking transaction is not accepted by the trained HMM with sufficiently high probability, it is considered to be fraudulent. At the same time, we ensure that genuine transactions are not rejected.

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(Lobo, May 2012).

g. The impact of frauds on entities like banks, which are engaged in financial activities, is more significant as their operations involve intermediation of funds. The economic cost of frauds can be huge in terms of likely disruption in the working of the markets, financial institutions, and the payment system. Besides, frauds can have a potentially debilitating effect on confidence in the banking system and may damage the integrity and stability of the economy. It can bring down banks, undermine the central bank's supervisory role and even create social unrest, discontent and political upheavals. The vulnerability of banks to fraud has been heightened by technological advancements in recent times. (Chakrabarty, Fraud in the banking sector – causes, concerns and cures)

### ANALYSIS:

With the advance in the information technology almost all bank in India have migrated to core banking platform and moved to transaction to payment and to electronic channels. Fraudsters have followed customers into this space. The response of the bank to frauds this area need further improvement. There is also lack of clarity among the bank to report these instances as frauds. Every industry should have wide frame work on fraud governance with particular emphases on tackling electronic channel based frauds.

Indian bank follows the RBI guideline of reporting all frauds above rs 1 Crore to their respective audit committee board. A special committee of the board should be established for monitoring large scale frauds. the special committee should meet and review as and when a fraud involve

Through proper implementation of skill development procedure to bankers, employees and its customers, prevention and detection of E-banking frauds can be reduced. Different terms related to E-banking, frauds should be easily understandable to the end users.

At the time of giving the facility of E-banking to its customers, a short and informative training session will be the best option to reduce the E-banking frauds. When the customers and end users will be able to understand different aspects of E-banking and possibilities of frauds can be takes place during the use of E-banking facilities, the ratio of E-banking frauds can be reduce. For this purpose bank should employ skill and trained staffs in the bank.

Different precautionary steps should be conveyed to the end users to reduce the E-banking frauds.

(<http://www.worldjute.com/ebank1.html>) These precautionary systems are:

- a. Checking the URL of the bank web site
- b. Using sensitive case method of entering user id and password
- c. Removing browsing history and putting full proof password.
- d. Change of online banking passwords at regular intervals and keeping computer system updated
- e. Avoiding public access for E-banking and enabling SMS alter system
- f. Regular follow up bank system from time to time and protecting computer system through anti-virus software.

The above mention steps can be imposed only when a thorough awareness campaign and different workshops will take place from time to time in urban and semi urban areas.

When skill will be developed to reduce the bank frauds, it will ultimately contribute to economical developmental through the investment in business sector.

### CONCLUSION:

It can be conclude that E-banking procedure has come up with unlimited freedom for smooth operation of banking activities by sitting at any place of the world and performing banking at the tip of finger. End users and bankers should be well known about the possibilities form where frauds can be taken place from time to time. Due to fast change in information technology sector the method of committing frauds getting advance. To cope up with the advance level of frauds, time to time training and development, workshop awareness programme recruitment of skilled human recourse and there development in different in skills should be enhance at regular interval of time. Economic prosperity can take place only when corrective, preventive and skill full action will take place against E-banking frauds. Because the money out of frauds always goes in wrong pockets to full fill wrong intentions. By reducing the E-banking frauds this money can be saved and utilized for constructive purpose .

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