



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2012-13/433

UBD CO BPD (PCB) Cir. No.41/12.05.001/2012-13

March 08, 2013

Chief Executive Officer of
All Primary (Urban) Co-operative Banks

Madam / Dear Sir,

Frauds- Classification and Reporting

Please refer to our [Master Circular UBD.CO.BPD. \(PCB\) MC No. 17/12.05.001/2012-13 dated July 02, 2012](#) advising the consolidation of our updated instructions/ guidelines on the captioned subject.

2. As per para 3.5 of the above Master Circular, cases of attempted fraud, where likely loss would have been Rs. 25 lakhs or more had the fraud taken place, should be reported by the bank to the Fraud Monitoring Cell, Department of Banking Supervision, Reserve Bank of India, Central Office, Mumbai within two weeks of the bank coming to know that the attempt to defraud the bank failed or was foiled.

3. On review and as a part of rationalisation of process and procedures, it has been decided to amend para 3.5 of Master Circular UBD.CO.BPD. (PCB) MC No. 17/12.05.001/2011-12 dated July 02, 2012 on 'Frauds- Classification and Reporting'. Accordingly, the practice of reporting attempted fraud, where likely loss would have been Rs. 25 lakhs or more to Fraud Monitoring Cell, Department of Banking Supervision, Reserve Bank of India, Central Office, Mumbai may be discontinued from the date of the circular.

शहरी बैंक विभाग, केंद्रीय कार्यालय, गारमेंट हाउस, पहली मंजिल, वरली, मुंबई - 400 018

टेलीफोन: 022 - 2493 9930 - 49, फैक्स: 022 - 2497 4030 / 2497 3954, ई मेल: rbiubdco@rbi.org.in

Urban Banks Department, Central Office, 1st Floor, Garment House, Worli, Mumbai ॐ 400

018

Phone: 022 - 2493 9930 - 49, Fax: 022 - 2497 4030 / 2497 3954, Email: rbiubdco@rbi.org.in

बैंक हिन्दी में पत्राचार का स्वागत करता है।

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं माँगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers

4. However, the bank should continue to place the individual cases of attempted fraud involving Rs.25 lakhs or more above before the Audit Committee of its Board as hitherto as per the instructions contained in the above mentioned Master Circular. The report containing attempted frauds which is to be placed before the Audit Committee of the Board should cover the following viz.

- The modus of operandi of attempted fraud
- How the attempt did not materialize into a fraud or how the attempt failed/ or was foiled.
- The measures taken by the bank to strengthen the existing systems and controls.
- New systems and controls put in place in the area where fraud was attempted,
- In addition yearly consolidated review of such cases detected during the year containing information such as area of operations where such attempts were made, effectiveness of new process and procedures put in place during the year, trend of such cases during the last three years, need for the further change in process and procedures, if any, etc as on March 31 every year starting from the year ending March 31, 2013 within three months from the end of the relative year.

5. Further, it has been decided to amend para 5.2.1, 5.2.3, and 5.3.1 of above Master Circular relating to reporting of fraud cases to respective Regional Offices of Reserve Bank of India as under;

5.2 Quarterly Review of Frauds

5.2.1 Information relating to frauds for the quarters ending **June, September and December** may be placed before the Audit Committee of the Board of Directors during the month following the quarter, to which it pertains, irrespective of whether or not these are required to be placed before the Board/ Management Committee in terms of the Calendar of Reviews prescribed by the Reserve Bank of India.

5.2.3 A separate review for the quarter ending **March** is not required in view of the Annual Review for the year ending March prescribed below;

5.3 Annual Review of Frauds

5.3.1 Banks should conduct an annual review of the frauds and place a note before the Board of Directors for information. The review for the year ended **March** may be placed before the Board before the end of next quarter. i.e. for the quarter ended **June 30th**.

Yours faithfully,

(A. Udgata)
Chief General Manager in- charge