



A Study on Investor's Perception towards Financial Frauds in Banking

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ABSTRACT

Financial scams is a considerable danger to the financial market, creating considerable losses plus wearing down public count on. This research checks out different kinds of scams consisting of finance, home mortgage, check, cyber as well as cash laundering. Secret aspects consist of weak interior controls poor danger administration absence of guidance, business society concerns as well as private inspirations. The research study stresses the requirement for financial institutions to strengthen scams avoidance steps staff member training progressed logical devices, as well as threat administration structures. Partnership in between financial institutions regulative authorities as well as police is vital for dealing with monetary scams.

Keywords: Financial Scam, Cyber as well as Cash , Monetary Scam

1. Introduction

Financial fraud has remained a major problem in the financial system causing massive losses to investors and other stakeholders and diminishing trust between the people and institutions. It is critical to focus on the perceptions of investors regarding financial fraud in different industries given the fact that this aspect significantly influences their eventual decisions and confidence levels in the economic system. In this study, the researcher will analyze the degree of exposure, ability to spot red flags, risks associated, and potential reactions to financial fraud in the banking sector.

2. Concept-

Background of the Financial Fraud

The major financial fraud in the Indian banking sector was the Nirav Modi-PNB Scam in 2018. It involved diamond merchant Nirav Modi and his uncle Mehul Choksi, along with certain PNB officials, obtaining fraudulent Letters of Undertaking (LoUs) to secure credit from overseas branches of Indian banks, totaling over ₹14,000 crores (approximately USD 1.8 billion). This scam highlighted the need for stronger risk management and regulatory oversight in Indian banking.

Major Products included in Financial Fraud

- A. Credit Card Fraud
- B. Fake Investment
- C. Mortgage Fraud
- D. Monetary Fraud Risk

3. Literature Review –

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7. Joseph T. Wells.

Corporate Fraud Handbook: Prevention as well as Detection (initially released in 2004, with succeeding versions in 2007, 2011 as well as 2017).

8. Petter Gottschalk.

Financial Cybernetics: A Study of Bank Fraud as well as Digital Crime (2021).

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Bank Fraud: The Untold Story of Cyber Criminals, Confidence Tricksters and also Their Fight Against the Insiders Who Betrayed America's Private Banks (2022).

4. Research Methodology

4.1 Objectives of the Study

The goals of researching economic scams in the financial sector can be summarized as complies with:

1. Understand the nature as well as sorts of monetary scams:

- Identify the numerous kinds of economic scams common in the financial sector such as car loan fraudulence, home loan scams, check scams, cyber scams, and also cash laundering.
- Analyze the techniques as well as methods made use of by fraudsters to dedicate economic criminal offenses.

2. Analyze the frequency plus influence of economic scams:

- Determine the level plus size of economic fraudulence in the financial market.
- Evaluate the monetary, reputational, plus lawful effects of scams for financial institutions along with their investors.
- Understand the more comprehensive financial as well as public influences of economic fraudulence.

3. Determine susceptibilities together with threat variables:

- Examine the inner plus exterior variables that add to the incident of economic scams in financial institutions.
- Analyze the weak points in interior controls, danger monitoring procedures and also regulative structures that produce possibilities for scams.
- Investigate the function of business society, moral oversights, and also staff member transgression in promoting economic fraudulence.

4. Create efficient avoidance coupled with discovery techniques:

- Propose procedures as well as finest methods for stopping economic scams in financial institutions such as durable interior controls, efficient administration as well as worker training.
- Explore sophisticated modern technologies plus logical devices for finding and also keeping an eye on economic scams.
- Recommend enhancements to regulative oversight, conformity, as well as coverage devices.

5. Boost capitalist security and also bring back public trust fund:

- Identify actions to shield financiers' passions and also reduce the threats connected with economic scams in financial institutions.
- Promote openness, responsibility, along with moral methods in the financial industry.
- Restore public self-confidence in the stability together with security of the monetary system.

6. Educate plan as well as regulative reforms:

- Provide understandings coupled with suggestions to federal government and also regulative bodies to enhance the lawful plus governing structure controlling economic scams in the financial sector.
- Contribute to the growth of extra reliable regulations, laws, together with enforcement devices to deal with economic criminal activity.

4.2 Research Design

Experiments, quasi-experiments, surveys and evaluation research all have identifiable designs, and those who are engaged in these forms of research speak a common language of research design and measurement. Participant Observation is different. It does not contain explicit designs, and those engaged in participant observation use different vocabulary,

Participant Observation has been defined as a period of intense social interaction between researchers and subjects in the milieu of the latter, during which time data, in the form of field notes, are unobtrusively and systematically collected' (Bogden, 1972). Participant Observation is used to generate theory rather than test it. The objective is to describe the complexities in the situation with a minimum of a-priori theorizing. Consequently, one of the most notable aspects of participant observation is the absence of standardized operating procedures

4.3 Data Collection Method

The study is based on both primary and secondary data.

- a) Using the survey method, primary data was obtained from the respondents by administering the structured questionnaire and by communicating with respondents for evaluating the feedback.
- b) Secondary data is collected from different published materials vis. Books, Journals, magazines & websites etc

4.3 Sample Size

Financial fraud in banking encompasses a wide range of activities, including opportunistic frauds, diversion of funds, fraudulent documentation, cyber attacks, and digital fraud. The rise in fraud is attributed to factors such as the increased use of technology, the reliance on traditional channels for fraud detection, and the evolving nature of fraud risks, including those associated with the Covid-19 pandemic

Data Analysis

Table 1 :- Demographic Profile

FACTORS	CATEGORY	FREQUENCY	PERCENTAGE(%)
GENDER	MALE	64	38.5
	FEMALE	40	61.5
AGE	18-26	65	62.5
	26-35	23	22.1
	35-45	9	8.7
	46-55	7	6.7
	56 & ABOVE	0	0
Educational Qualification	HIGH SCHOOL	16	15.4
	BACHELOR'S DEGREE	37	35.6
	MASTER'S DEGREE	48	46.2
	DOCTORATE	1	1
	2 ND YEAR	1	1

1. According to my study We have recorded 104 responses out of that 38.5% are female and 61.5% are male . The age responses of 18 to 25 years are 62.5% , 26 to 35 age group are 21.1% , 35 to 45 age group are 9.7% 46 to 55 age group are 6.7% . Education qualification which I have recorded in the response are as high school are 15.4% bachelors degree having 35.6% and master degree are having four 6.2% and others as such as doctorate, second year have 1% .

5.2 Nominal Questions

1. How would you rate your trust and confidence in the banking sector post-awareness of financial frauds

104 responses

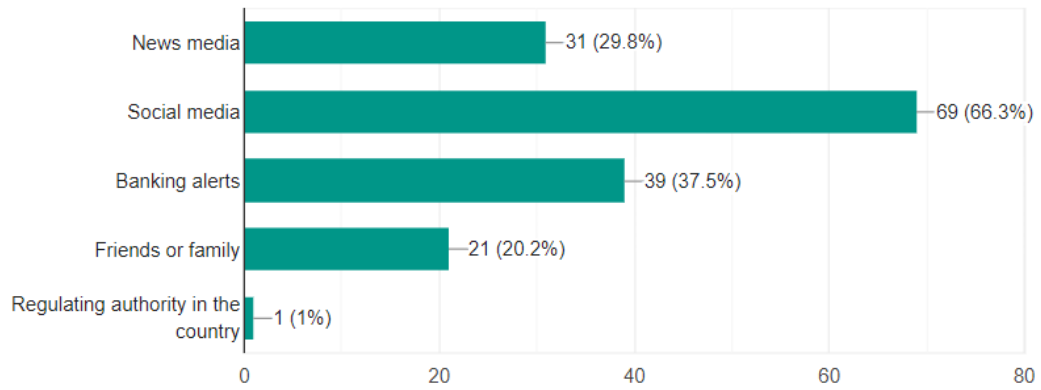


FIG 1

2. How would you rate your overall Financial knowledge

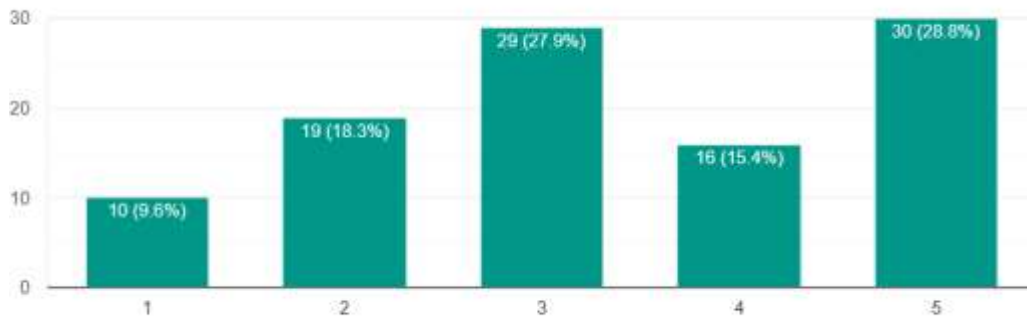


FIG 2

The responses has 1 rating has 9.6 % two rating has 18.3% 3 rating has 27.9 % 4 rating has 15.4% And 5 rating has 28.8% rating

3. Confidence in the banking sector post-awareness of financial frauds

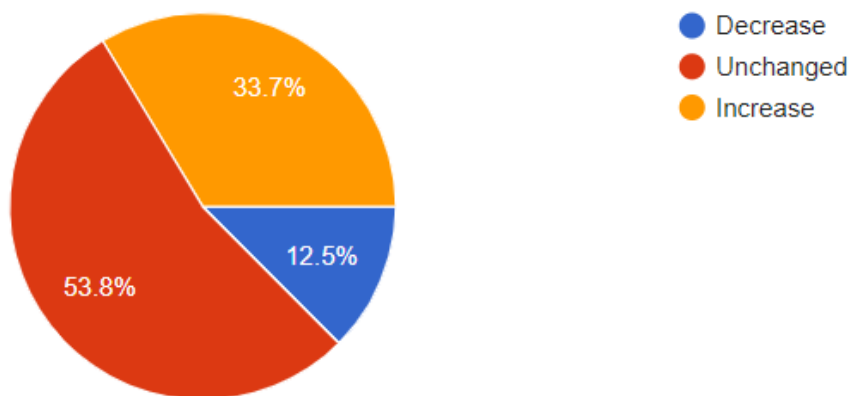


FIG 3

4. Prefer for reporting financial fraud incidents to the bank

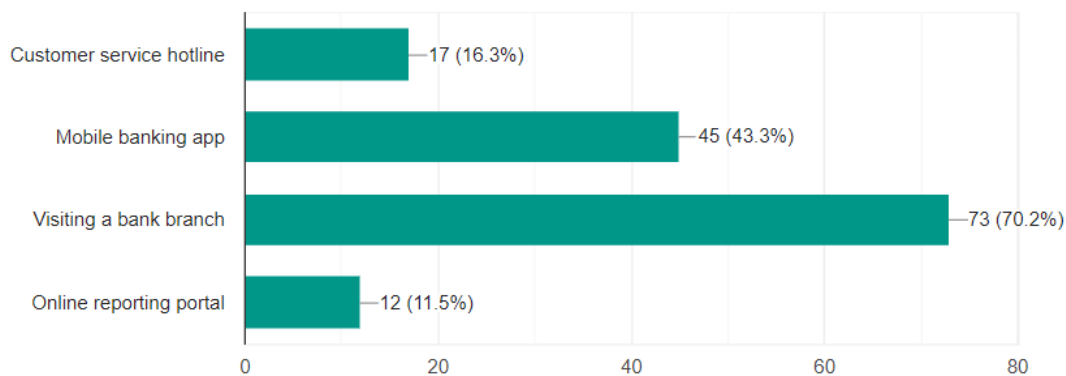


FIG 4

5. Findings

1. According to my study We have recorded 104 responses out of that 38.5% are female and 61.5% are male . The age responses of 18 to 25 years are 62.5% , 26 to 35 age group are 21.1% , 35 to 45 age group are 9.7% 46 to 55 age group are 6.7% . Education qualification which I have recorded in the response are as high school are 15.4% bachelors degree having 35.6% and master degree are having four 6.2% and others as such as doctorate, second year have 1% .
2. This point says that you stay informed about the potential financial frauds in banking sectors are news media 29.8 % Social media 66.3% Banking alerts 37.5% friends or family 22% regulating authorities in the country is 1%
3. The responses has 1 rating has 9.6 % two rating has 18.3% 3 rating has 27.9 % 4 rating has 15.4% And 5 rating has 28.8% rating.
4. The respondent has increased in 33 .7 % Decrease in 12.5% and unchanged as 53.8%.
5. Respond according to customer service hotline has 16.3% mobile banking app as 4 3.3% Visiting a branch of Bank has 70.2% and online reporting portals as 11 .5%.

6. Conclusion

This research analyzed the prevalent concern of monetary scams in the financial field its kinds, creates, influences as well as reduction approaches. The searchings for highlight the requirement for durable scams avoidance as well as discovery procedures via enhanced controls danger monitoring, oversight plus integrity-driven societies within financial institutions. Partnership amongst financial institutions, regulatory authorities as well as police is necessary.

Applying the suggestions can recover public depend on, safeguard investor passions and also advertise monetary security. Future research study must check out arising scams patterns, technical applications in avoidance along with mental variables behind deceitful actions.

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