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A Bank Mechanisms with Reference to Private Sector Bank

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Introduction

Banks are at the heart of any country's economy. They don't just hold our money—they fund businesses, support economic development, and offer services that make modern life function smoothly. In India, the banking sector has changed a lot over the years. After major banks were nationalized in 1969 and 1980, the system shifted from elite “class banking” to more inclusive “mass banking.” But with this growth has also come a growing problem: fraud.

Today's banking system is global, digital, and complex. While this opens up more opportunities for businesses and individuals, it also creates new openings for fraud. Fraudsters have become more creative and technologically advanced. With more online banking, mobile apps, and digital transactions, fraud has taken on new forms that are harder to detect and stop. Unfortunately, India still struggles with creating a strong, fraud-free banking culture.

What This Study Tries to Achieve

This study aims to dig into how and why fraud happens in private sector banks. Specifically, it looks at:

- Types and causes of fraud
- The impact on customers and banks
- Awareness among the public
- How modern tech is being used in fraud (and how it can help stop it)
- Whether India needs stronger laws to prevent bank frauds

The Scope of the Problem

Bank fraud can take many forms: identity theft, fake cheques, phishing scams, employee involvement, cyber attacks, and money laundering, to name a few. These activities don't just hurt banks—they hurt customers too. People lose their savings, face legal issues, and sometimes never recover their money.

For banks, fraud means big losses—not just money, but reputation. If people don't trust banks

to protect their money, the entire system suffers. That's why fraud prevention is not just a technical issue—it's a matter of public trust and economic stability.

The Real Issue

Even though banks are trying to improve security, fraud continues to evolve. Criminals are always finding new loopholes. Some fraudsters work from the inside, partnering with dishonest employees. Others hack into banking systems from across the globe.

The problem is made worse by:

- Weak security systems
- Delayed legal action

- Poor communication between banks
- Outdated technology
- Lack of awareness among both employees and customers

What's needed is a better system to detect, report, and act on fraud. This includes new tech, stronger internal controls, faster legal action, and better customer education.

How the Study Was Done

This study used surveys conducted in Coimbatore, focusing on people with salaried jobs. The goal was to find out:

- How aware people are about banking security
- What income levels they belong to
- What kind of jobs they have

Microsoft Excel was used to organize and analyze the data.

Key Findings from the Survey

Occupation Breakdown:

- Professionals: 51%
- Private employees: 23%
- Semi-government: 14%
- Government employees: 12%

Income Levels:

- Above ₹5 lakhs/year: 30%
- Below ₹1 lakh/year: 28%
- ₹2.5–₹4 lakhs: 24%
- ₹1–₹2.5 lakhs: 18%

Awareness of Bank Security:

- 61% are somewhat familiar
- 24% are very familiar
- 15% aren't familiar at all

This shows that while many people have a general idea of banking security, there's still a big gap in deep understanding. This lack of awareness makes it easier for fraud to happen.

Challenges in Fighting Fraud

1. Rapidly Changing Tactics

Fraudsters are always a step ahead, coming up with new tricks as fast as banks can block old ones.

2. Insider Threats

Some frauds involve bank employees working with outsiders. This makes detection harder.

3. Tech-Savvy Criminals

As banks get more advanced, so do hackers and scammers.

4. Cross-Border Fraud

Many frauds span countries, requiring global cooperation to track and stop.

What Other Researchers Have Said

- Dr. C.P. Gupta (2021): Banking fraud is a major issue, but India has been slow to build mechanisms to stop it.
- Mrs. Sunindita Pan (2020): There's growing awareness, but banks still need better risk management systems.
- P. Mary Jeyanthi (2020): Educating customers is key. People need to know how to protect themselves.
- Dr. P. Sai Rani (2019): Fraud affects all banking services, and managing it must be a core part of banking operations.

Conclusion: What Needs to Change

Fraud in Indian banks has increased in recent years, peaking in 2020 and slightly improving in 2021. However, the trend is still alarming. The root causes include:

- Weak internal controls
- Collusion between staff and outsiders
- Poor legal processes
- Gaps in technology and communication

To fix this, India's banking system needs to:

- Strengthen fraud detection systems
- Train employees and inform customers
- Use global standards for bank operations
- Improve laws and speed up fraud cases in court

Banking fraud isn't just about stolen money—it's about stolen trust. Only by acting fast and working together can banks win that trust back.