Asia Pacific Journal of Research in Business Management
Vol. 8, Issue 5, May 2017 Impact Factor: 5.16, ISSN: (2229-4104)
www.skirec.org Email Id: skirec.org@gmail.com

RISK OF FRAUDS IN INDIAN BANKS IN E-BANKING SCENARIO

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ABSTRACT:

In the present study, an attempt is made to analyse the group-wise bankers' viewpoint towards the risk of frauds in public and private sector Indian banks. A sample of 440 banks' officials is taken on the basis of judgement sampling i.e. 120 from State Bank Group, 200 from Nationalized Banks and 120 from Private Sector Banks. The primary data were collected with the help of pre-tested structured questionnaire on five point Likert scale i.e. Strongly Agree (SA), Agree (A), Neutral (N), Disagree (D) and Strongly Disagree (SD). The collected data were analysed through various descriptive and inferential statistical techniques like percentage, mean and standard deviation, etc. Further, ANOVA technique was used to test the hypotheses and validate the results. It is found that poor security of records, hardware and software's is the most significant factor responsible for the risk of frauds, followed by lack of awareness about the results of fraud and alteration of data by the employees to draw information from the records. On the other hand, increase in costs associated with reimbursing customer's losses is found as the most significant impact of frauds on the functioning of the selected banks, followed by increase in costs associated with regeneration of customers' records and increase in complaints of the customers. Further, developing policies for adequate screening of new employees is found as the most significant measure for overcoming the risk of frauds, followed by clear boundaries between acceptable and unacceptable behaviour of the employees and designing internal control including segregation of duties. It is recommended that there should be a clear organizational structure, written policies and procedures and fair employment practices to prevent fraud. An open-door policy also gives to the employees an open line of communication with the management, therefore can provide a great fraud prevention system in the organization.

KEY WORDS: *Security, Regeneration, Screening, Behaviour, Segregation*

INTRODUCTION:

Indian banking industry is unique and has no parallels in the banking history of any country in the world *(Singh, 2005).* After independence, the banking sector has passed through three stages namely character-based lending to ideology-based lending to competitiveness-based lending. Despite having a strong regulator, the financial services sector has emerged as most susceptible sector to frauds *(KPMG, 2012).* ICT has made its reach into almost every sphere of life. Banking, insurance and financial organizations are the prime users of internet and online transactions. They use ICT to transfer cash, make payments, submit accounts information, and other kinds of remittance services. Of course, banking services have really got enriched owing to information and internet uses. But at the same time, online transactions and data are not free from being attacked or manipulated *(Soni and Soni, 2013).* The financial frauds associated with these transactions are also increasing which subsequently results in substantial financial losses every year globally *(Maniyar, Mugali and Dandannavar, 2015).* The fraud or bank fraud or insider fraud, which is an important component of operational risk, is the use of potentially illegal means by the employees to obtain money, assets or other property owned or held by a bank or financial institution, or to obtain money of depositors by fraudulently posing as a bank or other financial institution. The number of bank frauds in India is substantial and increasing with the passage of time and technology. According to survey by Earnest and Young (2012), the banking segment witnesses around 84 percent of reported fraud cases within the financial services sector. Banks frauds occur due to ignorance, situational pressures and permissive attitudes. It is difficult to detect the frauds in time and even more difficult to book the offenders because of intricate and lengthy requirements and processes of legal/judicial system. Moreover, the fraud cases are not always brought to light due to fear of loss of reputation of the bank(s) (*Kundu and Rao, 2014)*. ICICI bank topped the list of banks that witnessed most number of frauds during April-December 2016 with state owned SBI taking the second spot. During this period of nine months, as many as 455 fraud cases involving Rs. One lakh and above were detected in ICICI Bank, closely followed by SBI (429), Standard Chartered (244) and HDFC Bank (237). Other banks, which reported large number of frauds to the apex bank during the period, include AXIS Bank (189), Bank of Baroda (176) and Citibank (150). However, in value terms, frauds involving Rs.2236.81 crore were reported in SBI, followed by PNB (Rs. 2250.34 crore) and AXIS Bank (Rs. 1998.49 crore). The data provided by RBI to the Finance Ministry also revealed the involvement of bank staffs in fraud cases. In case of SBI, 64 employees were involved in fraud cases, while it was 49 for HDFC Bank and 35 for AXIS Bank. In all, 450 employees were involved in fraud cases in different public and

private sector banks during April-December 2016 in 3870 cases involving a total value of Rs. 17750.27 crore *(www.indiatimes .com).*

REVIEW OF LITERATURE:

The articles on different aspects of risk of fraud appeared in various journals are restrictive in nature and do not give a comprehensive picture. *Sharma ad Brahma (2000)* indicated that banks frauds could crop up in all spheres of bank dealing and emphasized on bankers' responsibility on frauds, and suggested that the need of hour is the analysis and concerted application of controls by bank management and their operations staff. *Ebnother and Vanini et al. (2003)* found the results of the modelling exercise relevant for the implementation of a risk management framework, but the risk factor 'fraud' dominates all other factors and finally, only 10 percent of all processes have a 98 percent contribution to the resulting *VaR. Beirstaker, Brody and Pacini (2005)* proposed various fraud protection and detection techniques such as fraud policies, employee reference checks, fraud vulnerability reviews, password protection, firewalls, digital analysis and other forms of software technology. *Willson (2006)* examined the causes that led to the breakdown of barring bank, which include failure in management supervision, lack of segregation of duties, insufficient actions taken in response to warning signals, weak financial and operation control over the activities and funding of the bank. *Bhasin (2007)* examined the reasons for cheques frauds, magnitude of frauds in Indian banks and the manner in which expertise of internal auditors can be integrated to detect and prevent frauds in banks. *Ganesh and Raghurama (2008)* believed that training improved the capabilities of the employees by enhancing their skills and knowledge commitment towards their work. *Khanna and Arora (2009)* indicated that lack of training, overburdened staff, competition, low compliance level are the main reasons of fraud, and recommended that the banks should take the rising graph of bank frauds seriously and need to ensure that there is no laxity in internal control mechanism. *Kundu and Rao (2014)* highlighted that bank frauds in India are increasing with the passage of time and change in technology, identified the thrust areas for fraud management and finally, with IT as fulcrum, a model of fraud management for the Indian banks has been provided. *Bhasin (2015)* revealed that there are poor employment practices and lack of effective training, overburdened staff, weak internal control systems and low compliance levels on the part of managers, officers and clerks; and suggested that internal audit professionals should play an integral role in their organization's fraud fighting efforts. *Sharma (2016)* discussed various scenarios in which fraud could take place and applied unsupervised learning approaches to detect fraudulent acts in areas such as credit cards, money laundering and financial statements; and suggested that a proper record of customers, who may be harmful to the bank financially, be prepared to control frauds. The

foregoing review of literature and other articles which could not be cited here focused upon the reasons of bank frauds, but no concerted efforts were made to examine the impacts of frauds on the functioning of banks and measures initiated to control frauds. Therefore, the present study is undertaken to fill the gap in the existing literature.

SCOPE OF THE STUDY:

The present study is conducted to examine the various aspects of risk of frauds in the selected banks located in the area of Punjab, Chandigarh, Haryana, New Delhi and Rajasthan in India.

RESEARCH OBJECTIVES:

The following are the specific objectives of the study:

(i) To identify the factors responsible for frauds in the selected banks.

(ii) To examine the potential impacts of frauds on the functioning of the selected banks.

(iii) To analyse the measures to overcome the risk of frauds in the selected banks.

RESEARCH HYPOTHESES:

The following research hypotheses have been formulated and tested to validate the results of the present study:

H_{01}: There is no significant difference among the bankers' viewpoint towards the factors responsible for frauds in the selected banks.

H_{02}: There is no significant difference among the bankers' viewpoint towards the potential impacts of frauds on the functioning of the selected banks.

H_{03}: There is no significant difference among the bankers' viewpoint towards the measures for overcoming the risk of frauds in the selected banks.

RESEARCH METHODOLOGY:

SAMPLE PROFILE:

The population for the present study is the Indian banking sector, which is divided into three categories *i.e.* State Bank Group, Nationalized Banks and Private Sector Banks. State Bank of India (SBI), State Bank of Patiala (SBOP), State Bank of Bikaner and Jaipur (SBBJ) from the category of State Bank group; and Punjab National Bank (PNB), Dena Bank (DENA), Oriental Bank of Commerce (OBC), Andhra Bank (ANDRA) and Syndicate Bank (SYNDI) from the category of nationalized banks; and HDFC Bank (HDFC), ICICI Bank (ICICI) and AXIS Bank (AXIS) from the category of private sector banks are selected for the present study. A sample of 440 banks officials (40 from each bank) is taken on the basis of judgement sampling. Out of 440 respondents, 99 respondents (22.5 percent) are having the experience of less than four years, 140 respondents (31.8 percent) having the experience of 5-8 years and 201 respondents (45.7 percent) having the experience of more than 8 years. On the other

hand, 317 respondents (72 percent) are postgraduates, 121 respondents (27.5 percent) are graduates and only 02 (0.50 percent) are having professional qualification like CA, CS, *etc.*

DATA COLLECTION:

The present study is of exploratory-cum-descriptive in nature. Accordingly, both types of data *i.e.* primary and secondary were used. The primary data were collected with the help of pre-tested structured questionnaire on five point Likert scale *i.e.* Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A) and Strongly Agree (SA) from the officials of branches of the selected banks. On the other hand, secondary data were collected from journals, magazines, websites, reports of RBI and IBA, newspapers, *etc.* Besides questionnaire, interviews and discussion techniques were also used to unveil the required information.

DATA ANALYSIS:

The collected data were analysed through various descriptive and inferential statistical techniques like frequency distribution, percentage, mean, standard deviation, etc. with the help of SPSS (18.0 version). For coding and editing the data, weights were assigned in order of importance *i.e.* 1 to Strongly Disagree (SD), 2 to Disagree (D), 3 to Neutral (N), 4 to Agree (A) and 5 to Strongly Agree (SA). Further, ANOVA technique was used to test the hypotheses and validate the results of the study. The reliability of the scale used for collection of data is evaluated by calculating the value of Cronbach alpha coefficient, which is 0.841 at 5 percent level of significance, so the scale is considered reliable.

RESULTS AND DISCUSSION:

(A) FACTORS RESPONSIBLE FOR RISK:

As indicated in Table 1 (A), poor security of records, hardware and software system is ranked as the most significant factor in State Bank Group (Mean=4.13, SD=1.06), Nationalized Banks (Mean=4.17, SD=1.06) and Private Sector Banks (Mean=4.20, SD=1.08), followed by ignorance of red flags and fraud warnings in State Bank Group and lack of awareness about the results of fraud risk in Nationalized Banks (Mean=3.96, SD=1.08) and Private Sector Banks (Mean=4.00, SD=0.86). The mean score of all the statements, which is greater than 3.00, indicates that most of the respondents agree with the factors responsible for frauds in the selected groups of banks. Statistically, ANOVA results show that the respondents of the selected groups of banks differ significantly towards the withdrawal of funds by the employees from customers' accounts (p=0.034) as a factor responsible for frauds at 5 percent level of significance; therefore the hypothesis (H_{01}) is rejected.

As revealed from Table 1 (B), taking all the selected banks together, poor security of records, hardware and software's is found as the most significant factor (Mean=4.17, SD=1.06) responsible

for the risk of frauds, followed by lack of awareness about the results of frauds (Mean=3.95, SD=1.04) and alteration of data by the employees to draw information from the records (Mean=3.82, SD=1.19). The mean score of all the statements, which is greater than 3.00, indicates that most of the respondents agree with the factors responsible for frauds in the selected banks. Statistically, ANOVA results show that the respondents of the selected banks differ significantly towards less fear of exposure and likelihood of detection of frauds (p=0.008) and indifferent attitude of innocent and honest employees to the possibility of frauds (p=0.027) at 5 percent level of significance; therefore the hypothesis (H_{01}) is rejected.

(B) IMPACTS OF RISK:

As exhibited in Table 2 (A), increase in costs associated with reimbursing customers' losses is ranked as the most significant impact on the functioning of the selected groups of the banks *i.e.* State Bank Group (Mean=4.20, SD=0.90), Nationalized Banks (Mean=4.18, SD=1.02) and Private Sector Banks (Mean=4.18, SD=0.88), followed by increase in costs associated with regeneration of customers' records in State Bank Group (Mean=4.04, SD=1.14), Nationalized Banks (Mean=3.97, SD=1.03) and intentional manipulation of accounts in Private Sector Banks (Mean=4.01, SD=1.13). The mean score of all the statements is greater than 3.00, which shows that most of the respondents agree with the impacts of frauds on the functioning of the selected groups of banks. Statistically, ANOVA results show that the respondents of the selected groups of banks do not differ significantly towards the impacts of frauds at 5 percent level of significance; therefore the hypothesis (H_{02}) is accepted.

As revealed from Table 2 (B)**,** taking all the selected banks together, increase in costs associated with reimbursing customer's losses (Mean=4.20, SD=0.95) is found as the most significant impact frauds on the functioning of the selected banks, followed by increase in costs associated with regeneration of customers records (Mean=3.94, SD=1.06) and increase in complaints of customers (Mean=3.92, SD=1.10). The mean score of all the statements, which is greater than 3.00, implies that most of the respondents agree with the impacts of frauds on the functioning of the selected banks. Statistically, ANOVA results show that the respondents of the selected banks differ significantly towards the possible losses from redeeming electronic money (p=0.011) at 5 percent level of significance; therefore the hypothesis (H_{02}) is rejected.

(C) RISK MANAGEMENT MEASURES:

As indicated in Table 3 (A), developing policies for adequate screening of new employees is ranked at the top in all the groups *i.e.* State Bank Group (Mean=4.25, SD=0.87), Nationalized Banks (Mean=4.27, SD=0.90) and Private Sector Banks (Mean=4.39, SD=0.79), followed by clear boundaries between acceptable and unacceptable behaviour of employees in State Bank Group (Mean=4.15,

SD=1.03), Nationalized Banks (Mean=4.17, SD=0.89) and Private Sector Banks (Mean=4.25, SD=0.77). The mean score of all the statements, which is greater than 3.00, indicates that most of the respondents agree with the measures for overcoming the risk of frauds in the selected groups of banks. Statistically, ANOVA results show that the respondents of the selected groups of banks do not differ significantly towards the measures for overcoming the risk of frauds at 5 percent level of significance; therefore the hypothesis (H_{03}) is accepted.

As revealed from Table 3 (B)**,** taking all the selected banks together, developing policies for adequate screening of new employees is ranked as the top most measure (Mean=4.30, SD=0.86), followed by clear boundaries between acceptable and unacceptable behaviour of the employees (Mean=4.19, SD=0.90) and designing internal controls including segregation of duties (Mean=4.2, SD=0.84) for overcoming the risk of frauds. The mean score of all the statements is greater than 3.00, which indicates that most of the respondents agree with the measures for overcoming the risk of frauds in the selected banks. Statistically, ANOVA results show that the respondents of the selected banks differ significantly towards the proper control over storage of smart cards (p=0.015), assessing the relative likelihood of potential significance of inherent fraud risk (p=0.001) and designing of anti-fraud controls including appropriate steps to deal with relevant risk (p=0.037) as measures for overcoming the risk of frauds at 5 percent level of significance; therefore the hypothesis (H_{03}) is rejected.

CONCLUSION AND RECOMMENDATIONS:

In all, poor security of records, hardware and software's is found as the most significant factor responsible for the risk of frauds, followed by lack of awareness about the results of frauds and alteration of data to draw information from the records. On the other hand, increase in costs associated with reimbursing customer's losses is found as the most significant impact of frauds on the functioning of the selected banks, followed by increase in costs associated with regeneration of customers' records and increase in complaints of customers. Further, developing policies for adequate screening of new employees is found as the most significant measure for overcoming the risk of frauds, followed by clear boundaries between acceptable and unacceptable behaviour of the employees and designing internal controls including segregation of duties. It is recommended that there should be a clear organizational structure, written policies and procedures, and fair employment practices to prevent frauds. An open-door policy gives to the employees an open line of communication with the management, therefore can provide a great fraud prevention system in the organization. Internal control programmes should be monitored and revised regularly to ensure that they are effective and current with technological advances. Certified Fraud Examiners (CFE) and

Certified Public Accountants (CPAs) should be hired to analyze the company's existing policies and procedures, and recommend appropriate anti-fraud policies and procedures. In addition to prevention strategies, there should also be detection methods in place and make them visible to the employees. Every employee must be aware of the fraud risk policy including the types of frauds and the consequences associated with them. Finally, observing and listening to the employees can also help in identifying the potential fraud risk.

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http//www.indiatimes.com

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Asia Pacific Journal of Research in Business Management
Vol. 8, Issue 5, May 2017 Impact Factor: 5.16, ISSN: (2229-4104)
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Table 1 (A): Factors Responsible for Frauds in Selected Groups of Banks

Factors	N	State Bank Group				Nationalized Banks				Private Sector Banks			ANOVA	
		Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Poor security of records, hardware and software system	120	4.13	1.06	1	200	4.17	1.06	1	120	4.20	1.08	1	0.119	0.887
Lack of awareness about the results of fraud	120	3.90	1.14	3	200	3.96	1.08	2	120	4.00	0.86	2	0.277	0.758
Little fear of exposure and likelihood of detection of frauds	120	3.53	1.33	9	200	3.81	1.07	3	120	3.80	1.16	6	2.409	0.091
Unclear policies with regard to acceptable behaviour of employees	120	3.57	1.31	8	200	3.75	1.19	6	120	3.75	1.14	9	0.967	0.381
Poor internal control system	120	3.68	1.25	7	200	3.72	1.21	8	120	3.78	1.21	7	0.201	0.818
Ignorance of red flags and fraud warnings	120	3.94	1.15	2	200	3.72	1.22	9	120	3.78	1.27	8	1.197	0.303
Indifferent attitude of innocent and honest employees to the possibility of fraud	120	3.70	1.26	5	200	3.72	1.27	10	120	3.82	1.08	5	0.335	0.715
Non-updation of customers' accounts timely	120	3.69	1.23	6	200	3.76	1.17	5	120	3.59	1.26	10	0.764	0.467
Withdrawal of funds by the employees from customers' accounts	120	3.45	1.25	10	200	3.74	1.20	7	120	3.83	1.17	4	3.395	0.034*
Alteration of data by the employees to draw information from the records	120	3.70	1.23	4	200	3.81	1.19	4	120	3.97	1.12	3	1.623	0.198

Source: Survey, **Note:** *=significant at 5 percent level, Degrees of Freedom (df) = 2,437

Table 1 (B): Factors Responsible for Frauds in the Selected Banks

Factors	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	SD	Rank	F	Sig.
Poor security of records, hardware and software system	N	18	35	7	174	206	440	4.17	1.06	1	1.166	0.312
	P	4.1	8.0	1.6	39.5	46.8	100.0					
Lack of awareness about the results of fraud	N	18	43	15	229	135	440	3.95	1.04	2	0.511	0.882
	P	4.1	9.8	3.4	52.0	30.7	100.0					
Little fear of exposure and likelihood of detection of frauds	N	28	62	25	209	116	440	3.73	1.17	6	2.428	0.008*
	P	6.4	14.1	5.7	47.5	26.4	100.0					
Unclear policies with regard to acceptable behaviour of employees	N	30	70	19	201	120	440	3.70	1.21	8	1.255	0.254
	P	6.8	15.9	4.3	45.7	27.3	100.0					
Weak internal control system	N	38	51	25	204	122	440	3.72	1.22	7	0.525	0.873
	P	8.6	11.6	5.7	46.4	27.7	100.0					

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Vol. 8, Issue 5, May 2017 Impact Factor: 5.16, ISSN: (2229-4104)
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Ignorance of red flags and fraud warnings	N	31	60	14	196	139	440	3.80	1.22	4	0.900	0.533
	P	7.0	13.6	3.2	44.5	31.6	100.0					
Innocent and honest employees closed their minds to the possibility of fraud	N	37	50	26	201	126	440	3.74	1.22	5	2.058	0.027*
	P	8.4	11.4	5.9	45.7	28.6	100.0					
Non-updation of customers' accounts	N	30	70	21	201	118	440	3.69	1.21	9	1.024	0.422
	P	6.8	15.9	4.8	45.7	26.8	100.0					
Alteration of data by the employees to draw funds from customers' accounts	N	29	76	14	205	116	440	3.68	1.21	10	1.523	0.128
	P	6.6	17.3	3.2	46.6	26.4	100.0					
Alteration of data by the employees to draw information from the records	N	28	59	11	205	137	440	3.82	1.19	3	1.122	0.344
	P	6.4	13.4	2.5	46.6	31.1	100.0					

Source: Survey, **N**=Number of Respondents, **P**=Percent, Degree of Freedom (df)=10,429, *=Significant at 5 percent level.

Table 2 (A): Impacts of Frauds in Selected Groups of Banks

Impacts	State Bank Group				Nationalized Banks				Private Sector Banks				ANOVA	
	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Increase in costs associated with reimbursing customer's losses	120	4.27	0.90	1	200	4.18	1.02	1	120	4.18	0.88	1	0.418	0.659
Increase in costs associated with regeneration of customers' records	120	4.04	1.14	2	200	3.97	1.03	2	120	3.77	1.02	9	2.099	0.124
Possible losses from redeeming electronic money	120	3.61	1.27	9	200	3.86	1.08	4	120	3.81	1.09	8	1.784	0.169
Wrong perception of the public towards bank(s)	120	3.69	1.30	7	200	3.81	1.12	6	120	3.86	1.07	5	0.716	0.489
Increase in legal problems	120	3.69	1.30	8	200	3.73	1.18	8	120	3.92	1.01	4	1.430	0.240
Bank may face withdrawal of approvals from regulatory bodies	120	3.75	1.29	6	200	3.85	1.18	5	120	4.00	0.95	3	1.520	0.220
Increase in the complaints of the customers	120	3.93	1.13	3	200	3.95	1.08	3	120	3.85	1.12	6	0.292	0.747
Adverse impact on the motivation of honest employees	120	3.92	1.24	4	200	3.79	1.19	7	120	3.82	1.16	7	0.481	0.619
Intentional manipulation of accounts	120	3.75	1.27	5	200	3.71	1.27	9	120	4.01	1.13	2	2.388	0.093

Source: Survey, **Note:** *=Significant at 5 percent level, Degrees of Freedom (df) = 10,429

Table 2 (B): Impacts of Frauds in the Selected Banks

Impacts	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	S.D.	Rank	F	Sig.
Increase in costs associated with reimbursing customer's losses	N	11	28	15	191	195	440	4.20	0.95	1	0.551	0.853
	P	2.5	6.4	3.4	43.4	44.3	100.0					
Increase in costs associated with regeneration of customers' records	N	23	35	21	228	133	440	3.94	1.06	2	1.189	0.296
	P	5.2	8.0	4.8	51.8	30.2	100.0					
Possible losses from redeeming electronic money	N	24	60	21	218	117	440	3.78	1.14	8	2.345	0.011*
	P	5.5	13.6	4.8	49.5	26.6	100.0					
Wrong perception of the public towards bank(s)	N	27	56	22	211	124	440	3.79	1.16	7	0.493	0.894
	P	6.1	12.7	5.0	48.0	28.2	100.0					
Increase in legal problems	N	27	62	16	214	121	440	3.77	1.17	9	0.489	0.897
	P	6.1	14.1	3.6	48.6	27.5	100.0					
Bank may face withdrawal of approvals from regulatory bodies	N	27	50	18	205	140	440	3.86	1.16	4	0.981	0.459
	P	6.1	11.4	4.1	46.6	31.8	100.0					
Increase in the complaints of the customers	N	19	51	21	203	146	440	3.92	1.10	3	1.078	0.378
	P	4.3	11.6	4.8	46.1	33.2	100.0					
Adverse impact on the motivation of honest employees	N	30	53	19	195	143	440	3.84	1.20	5	0.726	0.700
	P	6.8	12.0	4.3	44.3	32.5	100.0					
Intentional manipulation of accounts	N	35	56	13	191	145	440	3.81	1.24	6	0.663	0.759
	P	8.0	12.7	3.0	43.4	33.0	100.0					

Source: Survey, **N**=Number of Respondents, **P**=Percent, Degree of Freedom (df)=10,429, *=Significant at 5 percent level.

Asia Pacific Journal of Research in Business Management
Vol. 8, Issue 5, May 2017 Impact Factor: 5.16, ISSN: (2229-4104)
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Table 3 (A) Measures for Overcoming Frauds in Selected Groups of Banks

Measures	State Bank Group				Nationalized Banks				Private Sector Banks				ANOVA	
	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	N	Mean	S.D.	Rank	F	Sig.
Developing policies for adequate screening of new employees	120	4.25	0.87	1	200	4.27	0.90	1	120	4.39	0.79	1	0.952	0.387
Designing internal control including segregation of duties	120	4.09	1.04	4	200	4.14	0.78	3	120	4.10	0.73	4	0.164	0.849
External audit of employees performance	120	3.76	1.26	10	200	3.83	1.10	9	120	3.96	0.96	7	1.006	0.366
Proper control over storage of smart cards	120	3.88	1.13	7	200	3.97	1.03	5	120	3.86	1.14	10	0.463	0.630
Rotation in the distribution of work	120	3.78	1.28	9	200	3.83	1.17	10	120	3.86	1.05	9	0.152	0.859
Designing policies for developing an anti-fraud culture	120	3.84	1.23	8	200	3.87	1.14	8	120	3.95	1.10	8	0.289	0.749
Clear boundaries between acceptable and unacceptable behaviour of the employees	120	4.15	1.03	2	200	4.17	0.89	2	120	4.25	0.77	2	0.438	0.646
Assessing the relative likelihood and potential significance of inherent risks of fraud	120	4.07	0.95	5	200	3.99	0.98	4	120	4.12	0.73	3	0.874	0.418
Designing of anti-fraud control measures including appropriate steps to deal with risk	120	3.97	1.09	6	200	3.94	1.05	7	120	4.05	0.98	6	0.479	0.620
Executing anti-fraud control measures by the competent and honest employees	120	4.11	0.97	3	200	3.97	1.08	6	120	4.06	1.09	5	0.788	0.456

Source: Survey, **Note:** *=Significant at 5 percent level, Degrees of Freedom (df) = 2,437

Table 3 (B): Measures for Overcoming Frauds in the Selected Banks

Measures	N/P	Response						Descriptive Statistics			ANOVA	
		SD	D	N	A	SA	Total	Mean	S.D.	Rank	F	Sig.
Developing policies for adequate screening of new employees	N	8	21	8	197	206	440	4.30	0.86	1	0.572	0.837
	P	1.8	4.8	1.8	44.8	46.8	100.0					
Designing internal control including segregation of duties	N	5	30	15	247	143	440	4.12	0.84	3	0.898	0.535
	P	1.1	6.8	3.4	56.1	32.5	100.0					
External auditing of employees performance	N	19	60	17	215	129	440	3.85	1.11	9	1.058	0.394
	P	4.3	13.6	3.9	48.9	29.3	100.0					
Proper control over storage of smart cards	N	21	47	14	222	136	440	3.92	1.09	7	2.238	0.015*
	P	4.8	10.7	3.2	50.5	30.9	100.0					
Rotation in the distribution of work	N	24	62	17	200	137	440	3.82	1.17	10	1.089	0.369
	P	5.5	14.1	3.9	45.5	31.1	100.0					
Designing initiatives and policies for developing an anti-fraud culture	N	22	59	14	198	147	440	3.88	1.15	8	0.780	0.649
	P	5.0	13.4	3.2	45.0	33.4	100.0					
Clear boundaries between acceptable and unacceptable behaviour	N	10	25	11	218	176	440	4.19	0.90	2	1.338	0.208
	P	2.3	5.7	2.5	49.5	40.0	100.0					
Assessing the relative likelihood and potential significance of inherent risks of fraud	N	12	28	18	250	132	440	4.05	0.91	4	3.099	0.001*
	P	2.7	6.4	4.1	56.8	30.0	100.0					
Designing of anti-fraud control measures including appropriate steps to deal with risk	N	17	43	15	221	144	440	3.98	1.04	6	1.957	0.037*
	P	3.9	9.8	3.4	50.2	32.7	100.0					
Executing anti-fraud control measures by the competent and honest employees	N	16	42	16	202	164	440	4.03	1.05	5	0.906	0.527
	P	3.6	9.5	3.6	45.9	37.3	100.0					

Source: Survey, **N**=Number of Respondents, **P**=Percent, Degree of Freedom (df) = 10,429, *=Significant at 5 percent level.