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Centralized Reporting of Frauds

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The RBI vide its [notification](#) dated 1st July, 2016, has come up with amendments to the Master Directions on Frauds - Classification and Reporting by commercial banks and select FIs. Under the present notification the RBI has brought down the requirements for reporting of frauds committed/ attempted.

Here in this piece, we have tried to prepare a comparative between the latest Master Directions on Frauds and the one that the Banks/ FIs had to follow earlier.

Fraud Reporting		
Particulars	MASTER CIRCULAR 2015	MASTER CIRCULAR 2016
Frauds of Less than 1 L	Need to be reported to RBI individually and also statically data to be submitted to RBI quarterly	Need not be reported individually, but banks must keep records in FRMS package and will form part of FMR - 2
Frauds of Above 1L - upto 25L	To be reported to the regional office of the department of cooperative banks of the RBI in FMR 1 within 3 weeks from detection	1.To be reported to the Central Fraud Monitoring Cell(CFMC) in FMR 1, within 3 weeks of detection
Frauds of Above 25L and upto 50L	To be reported to the regional office of the department of cooperative banks of the RBI in FMR 1 within 3 weeks from detection and separate FMR - 1 to be furnished for each case, without clubbing	2.Monthly certificate of such frauds to be submitted to the CFMC along with the regional office of the RBI under whose jurisdiction the head office of the bank is situated
Frauds of Above 50L		Flash report in hard form to be submitted to the PCGM/ CGM in-charge of the RBI headquarter along with the CFMC, with in one week of detection of the fraud
Other Reporting		FMR 2 to be submitted quarterly on frauds outstanding to the CFMC within 15 days of end of the quarter, nil report to be submitted in case of no frauds in the quarter



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		Case wise quarterly progress report on frauds to be submitted to CFMC in FMR 3 within 15 days of end of quarter for frauds of Rs. 1L and above
Cases of attempted frauds	Banks were required to place cases of attempted individual frauds of Rs 25 L or more in front of the audit committee	Attempted of individual frauds of Rs. 10L or more shall be place in front of the audit committee
Reporting of Closure of frauds	Closure of frauds are to be reported in FMR - 2	Closure of frauds are to be reported in FMR 3 on quarterly basis
Closure of frauds	Closure of all frauds were to be reported to the Regional office of the RBI	Closure of frauds amounting Rs. 1L or more must be reported to the CFMC and the respective regional offices of the DBS/SSM
Closure of frauds by the bank		Banks may close fraud cases upto Rs. 2.5 L where 1. The charge sheet for the fraud has not been filed to the court for 3 years of filing of the FIR 2. The trail in the court has not yet started or is going on

Conclusion

Under the latest Master Directions, there has been a substantial change in the reporting requirements with respect to the frauds detected by the Banks/ FIs. To sum up the changes in few words, the fraud reporting requirements have been made centralized under the new framework, as all reportings will now have to be made to the CFMC.