

Malegam to head RBI panel to avert frauds

The Rs. 11,500-crore fraud at the Punjab National Bank has prompted the Reserve Bank of India (RBI) to set up a committee under former board member Y.H. Malegam to look into the reasons and suggest steps to prevent such occurrences.

NPA divergences

The committee will also look into the issue of huge non-performing asset divergences — between what banks classify and what is detected in RBI inspection — and recommend steps to address the issue. The other members of the committee are Bharat Doshi, S. Raman and Nandkumar Saravade. A.K. Misra, Executive Director, RBI, will be the Member-Secretary.

The banking regulator said it had warned banks on three occasions since August 2016 and advised them to implement safeguards from risks arising from SWIFT infrastructure. “Banks have, however, been at varying levels in implementation of such measures,” RBI said.

RBI had reiterated its confidential instructions and mandated banks to implement, within the stipulated deadlines, the prescribed measures for strengthening the SWIFT operating environment in banks.

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