

FM URGES BANKS TO USE TECH TO DETECT FRAUD, WARNING SIGNALS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Union Minister for Finance and Corporate Affairs Nirmala Sitharaman on Friday asked banks to be more digital savvy and give immediate priority to use Web3 and artificial intelligence technology in fraud detection and to generate early warning signs in case of an unforeseen event.

She was addressing the 75th Annual General Meeting of Indian Banks' Association in Mumbai.

“Use of Web3, data analysis, Artificial Intelligence, deep dive into data — all of these should have some coordination by the IBA. Leveraging Web3 and AI should be an immediate priority for the banks, especially in fraud detection and generating early warning signs about something going wrong,” she said. The Minister added such technologies also brought in benefits such as detecting fraud, tracking of money, detecting unusual transactions and alerting financial institutions and the government in case of suspicious changes.

Highlighting the importance of cyber-protection, she asked banks whether they were geared to have adequate firewalls. “Are you protected against hacking and Black Swan events which bring down your systems?”

She also urged banks to ensure that their systems spoke to each other so that they are able to ‘serve customers in a better way’.

Nudging banks to appoint staff who must speak the local language, she said, “Show inclusivity in your staff, in the way you speak to your customers. When you have staff who do not talk the regional language and who demand citizens to speak in a particular language, you have a problem.”

Banks must ensure their systems ‘speak’ to each other so that the institutions can serve clients better

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