

Financial Fraud Risk Indicator (FRI)

Prelims: *Economic and Social Development | Current events of national and international importance.*

Why in News?

Recently, the Department of Telecommunications (DoT) has announced sharing of "Financial Fraud Risk Indicator (FRI)" with related stakeholders.

- **Financial Fraud Risk Indicator** - It is a *risk-based metric* that ***classifies a mobile number*** to have been associated with Medium, High, or Very High risk of financial fraud.
- **Development** - It is developed as part of the *Digital Intelligence Platform (DIP)*, Ministry of Communications.
- **Objectives** - To empower financial institutions with advance actionable intelligence ***for cyber fraud prevention***.
- To enhance cyber protection and validation checks in case of mobile numbers flagged with this tool when digital payment is proposed to be made to such numbers.
- **Classification of mobile numbers** - It is an *outcome of inputs obtained* from various stakeholders including
 - Reporting on Indian Cybercrime Coordination Centre (I4C's) National Cybercrime Reporting Portal (NCRP)
 - DoT's Chakshu platform
 - Intelligence shared by banks and financial institutions
- **Working** - The Digital Intelligence Unit (DIU) of DoT regularly shares the list of Mobile Numbers that were disconnected (*Mobile Number Revocation List - MNRL*) with stakeholders along with the reasons for disconnections like cyber or financial frauds.
- As soon as a suspected mobile number is flagged by a stakeholder, it undergoes multi-dimensional analysis, and classifies it into *Medium, High, or Very High financial risk* associated with it.
- It then shares this assessment about the number immediately with all stakeholders through DIP.
 - **For example**, PhonePe has adopted FRI to regulate transactions.

PhonePe Using Financial Fraud Risk Indicator (FRI)

For Very High FRI Mobile Numbers

PhonePe has used it to decline transactions and display an on-screen alert as part of PhonePe Protect feature.

For Medium Mobile Numbers

PhonePe is working for displaying a proactive user warning before allowing the transaction.

- **Adoption** - Leading UPI platforms like ***PhonePe, Paytm and Google Pay***, who collectively account for over 90% of UPI transactions, have begun *integrating DIP alerts into their systems*.
- **Significance** - It empowers banks, NBFCs, and UPI service providers to prioritize enforcement and take additional *customer protection measures* in case a mobile number has high risk.
- The FRI integration is expected to become an industry standard, bringing *systemic resilience to India's digital financial ecosystem*.
- It allows for swift, targeted, and collaborative action *against suspected frauds* in both telecom and financial domains.

Reference

[PIB| Financial Fraud Risk Indicator \(FRI\)](#)