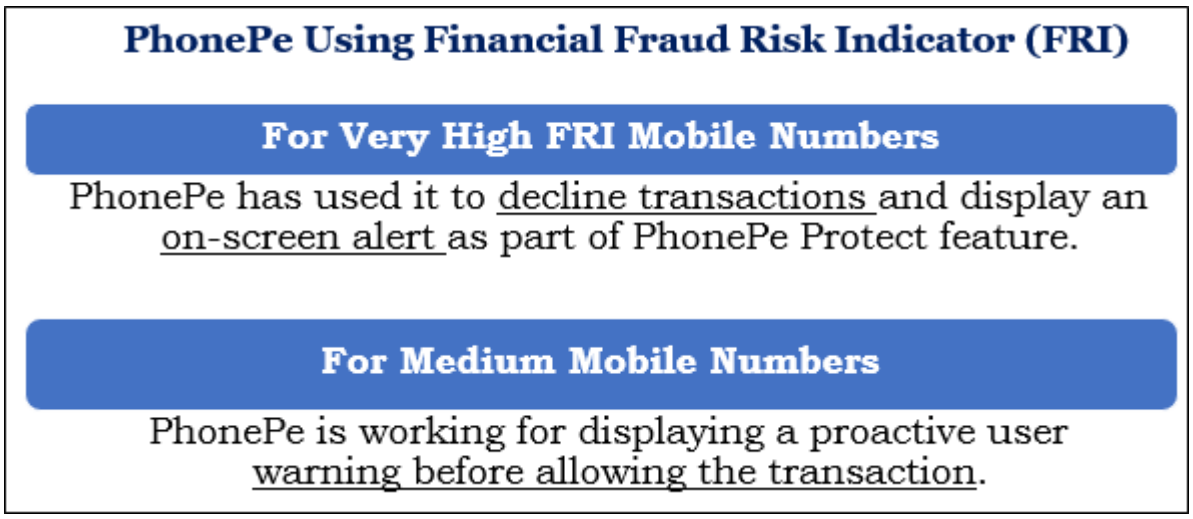
Financial Fraud Risk Indicator (FRI)

***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.



- **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)

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