Financial Fraud Risk Indicator (FRI)

Prelims: *Current events of national and international importance*

Why in News?

The Department of Telecommunications (DoT) recently announced its Financial Fraud Risk Indicator (FRI) prevented Rs.660 crore in potential cyber fraud losses within just six months of its May 2025 rollout.

- The Financial Fraud Risk Indicator (FRI) is a ***risk-flagging mechanism*** developed to identify, classify, and prevent financial frauds, especially in digital transactions.
- **Launch -** Rolled out by DoT's Digital Intelligence Unit (DIU) in 2025.
- **Purpose** - To assess the likelihood of fraud associated with a customer, account, transaction, or digital identity.
- **Used by** - Banks, NBFCs, fintech firms, and payment service providers.
- **Basis -** Analysis of parameters such as transaction behavior, device data, location, velocity of transactions, and past fraud patterns.
- **Collaboration**- Supported by the Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI).
- **Mechanism** - Uses the Digital Intelligence Platform (DIP) to aggregate data from banks, telecom providers, and citizens (via Sanchar Saathi) to identify risky numbers.
- **Output -** Generates a risk score or flag (low, medium, high risk) to enable preventive action.
- **Impact** - Prevented Rs.660 crore in potential losses within its first 6 months.
- **Citizen Role -** Relies on citizens reporting suspicious activity through the Sanchar Saathi portal, highlighting the importance of public participation.

Reference

Telecom | Financial fraud risk indicator (FRI)



SHANKAR
IAS PARLIAMENT
Information is Empowering