

ROOT CAUSE ANALYSIS REPORT

- **PROBLEM REPORTED** :- In recent times, the number of fraud transactions has increased drastically due to which credit card companies are facing a lot of challenges. For many banks, retaining high profitable customers is the most important business goal. Banking fraud, however, poses a significant threat to this goal. In terms of substantial financial loss, trust, and credibility, banking fraud is a concerning issue for both banks and customers alike. With the rise in digital payment channels, the number of fraudulent transactions is also increasing as fraudsters are finding new and different ways to commit such crimes.

<u>STEPS</u>	<u>OBSERVATION</u>	<u>ROOT CAUSE</u>	<u>CORRECTIVE ACTIONS TAKEN</u>	
1.	Technological Gap	Outdated technology at Finex is unable to track and prevent data breaches effectively.	Upgrade and modernize existing technological infrastructure to bolster security measures, enabling real-time detection and prevention of breaches.	
2.	Fraudster Techniques	Fraudsters exploit weaknesses in POS terminals, engage in skimming, and use various sophisticated hacking techniques.	Enhance security protocols at POS terminals, conduct regular security audits, and invest in advanced cybersecurity measures.	
3.	Customer Awareness and Monitoring	Customer Awareness and Monitoring	Launch an extensive customer awareness campaign about ongoing credit card frauds and encourage proactive monitoring of bank account activities.	
4.	Financial Impact and Outdated Protocols	Finex incurs heavy losses due to delayed identification of fraudulent activities.	Revise protocols for quicker identification of unauthorized transactions and implement real-time monitoring systems to mitigate financial losses.	
5	Revise protocols for quicker identification of unauthorized transactions and implement real-time monitoring systems to mitigate financial losses.	Reactive approach of Finex to unauthorized transactions exacerbates the problem.	Implement proactive fraud detection measures and systems to prevent fraudulent activities before they occur.	