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## WHY SOUTHEAST ASIA EMERGED AS A HUB OF ORGANISED FINANCIAL CRIMES

**THIS ARTICLE COVERS "DAILY CURRENT AFFAIRS" AND THE TOPIC DETAILS OF "WHY SOUTHEAST ASIA EMERGED AS A HUB OF ORGANISED FINANCIAL CRIMES". THIS TOPIC IS RELEVANT IN THE "POLITY AND GOVERNANCE" SECTION OF THE UPSC- CSE EXAM.**

### WHY IN THE NEWS?

Almost half of the financial frauds targeting Indians originate from the three Southeast Asian countries of Myanmar, Cambodia and Laos.

### MORE ABOUT THE NEWS:

- Most web applications use the Chinese language to perform financial fraud, thereby not ruling out the Chinese connection.
- Financial crimes such as **digital arrest, stock market scams, investment scams and romance or dating scams** account for a loss of over ₹1,776 crores in 89,054 cases in the first four months of the year spurt in the organised crime from Southeast Asia.
- In the preceding four months, authorities have taken action by blocking a combined total of 325,000 mule bank accounts, 595 applications, and over 3,000 URLs to counter illicit activities.
- Numerous Indian nationals employed within a suspected fraudulent operation based in Sihanouk City, Cambodia, voiced their grievances against their employers.
- Their complaints highlight a concerning trend where individuals are either lured under false pretences or coerced into joining these establishments, often promised roles as data entry operators.
- Many of them enter Thailand on tourist visas, and due to lax border controls and human trafficking networks, they find themselves trapped in these facilities, subjected to extensive work hours. Recently, protests erupted among the Indian workers demanding the return of their passports.

## **TYPES OF ORGANISED FINANCIAL FRAUD IN INDIA INCLUDE:**

1. **Ponzi schemes:** These schemes lure investors with promises of unusually high returns, using funds from new investors to pay off earlier ones. Examples include the Saradha chit fund scam and the Sanjivani Credit Cooperative Society fraud.
2. **Investment scams:** These entities promise individuals with fraudulent opportunities, promising quick and guaranteed returns, often involving fictitious companies or fake investment products. The SpeakAsia Online scam is one such example.
3. **Digital banking and credit card fraud,** Including phishing attacks, identity theft, and fraudulent transactions using stolen card details. The 2016 debit card data breach compromised millions of debit cardholders' data.
4. **Money laundering:** The origins of illegally obtained funds by concealing them to make them appear legitimate, often using financially vulnerable people. The INX Media money laundering case is a high-profile example.
5. **Stock market manipulation:** Through activities like price rigging, spreading false information, insider trading, and pump-and-dump schemes. The Satyam Computer Services scandal is a prime example.
6. **Bank frauds:** It encompasses loan frauds, cheque frauds, forged documents, and unauthorized transactions, resulting in substantial losses for banks and individuals. The Nirav Modi-PNB scam, where fraudulent Letters of Undertaking were issued, caused a massive loss to Punjab National Bank.

According to a PwC survey, 57% of all fraud incidents in India were platform frauds, with more than 26% of organisations losing over USD 1 million due to such frauds[4]. Financial frauds by online transactions account for 89% of all platform frauds.

To combat these organised financial frauds, experts recommend strengthening internal controls, technical capabilities, and reporting, as well as mandating banks and financial institutions to provide data in a predetermined format to aid investigations.

## **REASONS FOR THE RISE OF ORGANISED FINANCIAL FRAUD IN INDIA:**

- **Rapid digitisation and adoption of digital payments:** It has made it easier for fraudsters to operate anonymously and target a large number of victims. The pandemic accelerated this shift, with the average Indian company now operating 5 platforms in the normal course of business.
- **Lack of awareness and risky behaviour:** Among individuals, such as sharing sensitive financial details with others or storing them insecurely it makes them vulnerable to fraud. A survey found that 29% shared ATM pins with family, while 33% stored account details on email/computer.
- **Weak internal controls and fraud prevention measures:** Many organisations, especially smaller ones, allow fraudsters to exploit vulnerabilities in platforms and systems. Platforms now account for 89% of all fraud incidents, with 40% of companies losing over \$1 million.
- **Challenges in investigation and prosecution:** Including lack of standardised data formats from banks, difficulty in tracking devices used, and jurisdictional issues in interstate cases hamper law enforcement efforts. Recognising organised digital fraud as a serious crime and mandating preventive measures can help.

- **The lure of easy money and lack of deterrence:** With only 26% of victims able to recover lost funds, fraudsters are encouraged to target individuals and organisations. The total value of frauds reported in 2021-22 was a staggering ₹60,414 crore.

### **STRATEGIES TO COMBAT FINANCIAL FRAUD**

- **Education and Awareness Campaigns:** Develop innovative educational materials and awareness campaigns targeting both individuals and businesses. Emphasise common fraud tactics, warning signs, and steps for prevention.
- **Data Analytics and AI:** Implement advanced data analytics and artificial intelligence systems to detect unusual patterns or anomalies in financial transactions. Customise these systems to your organisation's specific needs and regularly use updated version to stay ahead of evolving fraud tactics.
- **Collaboration and Information Sharing:** Foster collaboration between financial institutions, regulatory bodies to share information and best practices for fraud detection, law enforcement agencies, and prevention.
- **Enhanced Authentication Measures:** Implement multi-factor authentication and biometric authentication methods to strengthen security and verify the identity of users during financial transactions. More use of emerging technologies such as blockchain for secure and transparent record-keeping is needed.
- **Customer Verification Processes:** Develop robust customer verification processes, especially for high-risk transactions or accounts. Utilise technology such as digital identity verification and document authentication to ensure the legitimacy of customers and transactions.
- **Regular Audits and Reviews:** Conduct regular audits and reviews of financial processes, systems, and controls to identify weaknesses or vulnerabilities that fraudsters could exploit. Implement recommendations from audits promptly to strengthen defences against fraud.
- **Whistleblower Protection:** Establish mechanisms for employees and stakeholders to report suspected fraud anonymously without fear of retaliation. Ensure that whistleblower policies comply with legal requirements and provide adequate protection to encourage reporting of fraudulent activities.
- **Regulatory Compliance:** Stay abreast of regulatory changes and compliance requirements related to financial fraud prevention. Proactively adapt policies and procedures to comply with evolving regulations and industry standards.
- **Continuous Improvement and Adaptation:** Recognize that fraud tactics will evolve over time, so prioritise continuous improvement and adaptation of anti-fraud strategies. Invest in research and development to stay ahead of emerging threats and technologies.

### **FIGHTING FINANCIAL FRAUD IN SOUTHEAST ASIA REQUIRES A NUANCED APPROACH :**

- **Cross-Border Collaboration:** Establish partnerships and information-sharing agreements between regulatory bodies, law enforcement agencies, financial institutions and across Southeast Asian countries. Collaborate on investigations, share best practices, and coordinate efforts to combat transnational fraud schemes.
- **Localised Fraud Detection Systems:** Develop fraud detection systems that are tailored to the specific characteristics of Southeast Asian markets, languages, and consumer behaviours.

Customise algorithms and analytics models to identify patterns indicative of fraud within the region.

- **Partnerships with Fintech Startups:** Collaborate with fintech startups and technology innovators in Southeast Asia to leverage their expertise and solutions in fraud prevention. Explore partnerships for developing and implementing latest technologies like blockchain, AI, and machine learning in fraud detection systems.
- **Community Outreach and Education:** Raise awareness about common fraud schemes and prevention strategies and launch targeted educational campaigns among consumers, businesses, and vulnerable populations in Southeast Asia. Provide resources in local languages and engage with community leaders to amplify the reach of educational efforts.
- **Regulatory Advocacy and Reform:** Advocate for regulatory reforms that strengthen anti-fraud measures and enhance cooperation among Southeast Asian countries in combating financial crime.

### PRELIMS BASED QUESTIONS:

1. **Consider the following:**

1. Counterfeiting
2. Integration
3. Layering
4. Placement

Which of the options given below is/are correct and related to steps involved in money laundering?

1. 1,2 and 3 Only.
2. 2,3, and 4 Only
3. 1,3, and 4 Only
4. All of the above

**Answer: B**

### MAINS BASED QUESTIONS:

1. **Examine Why Southeast Asia emerged as a hub for financial fraud in India. Discuss a resilient system to fight against this menace.**

[Vishal Yadav](#)

## THE GLOBAL REPORT ON NEGLECTED TROPICAL DISEASES 2024

THIS ARTICLE COVERS 'DAILY CURRENT AFFAIRS' AND THE TOPIC DETAILS OF "THE GLOBAL REPORT ON NEGLECTED TROPICAL DISEASES 2024". THIS TOPIC IS RELEVANT IN THE "SCIENCE & TECHNOLOGY" SECTION OF THE UPSC CSE EXAM.

## WHY IN THE NEWS?

Before the 77th session of the World Health Assembly, the World Health Organization (WHO) published its 2024 Global Report on Neglected Tropical Diseases (NTDs). This document highlights the advancements achieved in 2023 in executing the 2021-2030 Roadmap for Neglected Tropical Diseases.

## KEY HIGHLIGHTS OF THE REPORT:

1. As of December 2023, 50 countries had eliminated at least one neglected tropical disease (NTD), marking halfway progress towards the 2030 target of 100 countries.
2. Five countries were recognised for eliminating one NTD, and one country for eliminating two NTDs.
3. In July 2023, Iraq became the 50th country to eliminate at least one NTD. This event marks the halfway point towards achieving the 100-country target set for 2030.
4. Noma was added to the list of NTDs in 2023.
5. In October 2023, Bangladesh became the first country to be validated by WHO for eliminating visceral leishmaniasis as a public health problem.
6. India was certified free of NTDs like dracunculiasis and yaws.
7. India, which has the highest disease burden, treated about 117 million fewer people for lymphatic filariasis and soil-transmitted helminthiasis in 2022 compared to 2021.
8. 40.56% of India's population needed interventions against NTDs in 2022.

## ABOUT NEGLECTED TROPICAL DISEASES (NTDS):

Neglected Tropical Diseases (NTDs) encompass a variety of infectious diseases prevalent in tropical and subtropical areas, impacting over a billion individuals worldwide. The term "neglected" describes these diseases since they often receive less attention and financial support than other health challenges, even though they profoundly affect health and economic progress.

Several factors play a role in the prevalence of Neglected Tropical Diseases (NTDs), such as the challenging epidemiology linked to environmental factors, diseases spread by vectors, hosts in animal populations, and their complex developmental processes. Even though they have a profound effect, NTDs are allocated significantly lower resources for their research and management when compared to diseases such as HIV/AIDS, malaria, and tuberculosis. **Some of the most prominent NTDs include:**

1. **Dengue Fever:** A mosquito-borne viral infection causing flu-like symptoms and, in severe cases, potentially fatal complications.
2. **Chagas Disease:** Caused by the parasite *Trypanosoma cruzi*, transmitted by the triatomine bug, leading to serious cardiac and digestive issues.
3. **Leishmaniasis** is a parasitic disease spread by the bite of infected sandflies. It causes skin sores and can potentially affect internal organs.
4. **Lymphatic Filariasis:** It is also known as elephantiasis. It is caused by infection with filarial worms and leads to severe swelling and disability.
5. **Schistosomiasis** is a parasitic disease caused by flatworms of the genus *Schistosoma*. It can lead to liver, urinary, and intestinal damage.
6. **Trachoma:** A bacterial eye infection caused by *Chlamydia trachomatis*, which can lead to blindness.

7. **Onchocerciasis**, also known as river blindness, is caused by the parasitic worm *Onchocerca volvulus*. It is spread by blackfly bites and leads to skin and eye disease.
8. **Soil-transmitted Helminth Infections** are caused by various parasitic worms (roundworms, whipworms, hookworms), leading to malnutrition and impaired growth and development.

#### **INITIATIVE TO TACKLE NTDS:**

- The WHO's Roadmap for 2021-2030 focuses on maximizing impact and fostering collaboration in healthcare, sanitation, and community engagement to eradicate Neglected Tropical Diseases (NTDs).
- The 2012 London Declaration advocates for a cohesive strategy to tackle the worldwide challenge of NTDs.
- India has effectively eradicated multiple Neglected Tropical Diseases (NTDs) and is targeting the elimination of lymphatic filariasis by the year 2027, leveraging initiatives such as APELF.
- In 2005, India, Bangladesh, and Nepal, with the support of the WHO, formed a regional alliance to accelerate the early detection and treatment of at-risk groups, enhance disease monitoring, and manage sandfly populations to control Kala-azar.
- Financial support programs help people suffering from NTDs, especially those diagnosed with Post-Kala Azar Dermal Leishmaniasis, to handle the economic challenges associated with their condition.
- The Mass Drug Administration (MDA) has been implemented to prevent lymphatic filariasis in districts where it's endemic, and indoor residual spraying (IRS) is used to manage the sandfly population responsible for spreading visceral leishmaniasis.

#### **SOME CHALLENGES REGARDING TACKLING NTD:**

1. **Funding and Resources:** NTDs often lack adequate research, prevention, and treatment funding.
2. **Health Infrastructure:** Affected regions often have poor healthcare infrastructure, complicating the delivery of interventions.
3. **Socioeconomic Impact:** NTDs contribute to a cycle of poverty, as affected individuals are often unable to work or attend school.
4. **Resistance and Co-infection:** Emerging drug resistance and co-infections with other diseases, such as HIV, complicate treatment efforts.

#### **WAY FORWARD:**

- Distributing medications to entire populations to treat and prevent infections.
- Implementing measures to reduce the populations of disease-carrying insects, such as using insecticides and bed nets.
- Improving access to clean water and sanitation facilities and promoting hygiene practices to reduce transmission.
- Developing and deploying vaccines to prevent NTDs where possible.
- Educating communities about the prevention, symptoms, and treatment of NTDs to reduce stigma and encourage timely medical intervention.

**MAINS PRACTICE QUESTION:**

**Q. Discuss the importance of community participation in controlling and eliminating NTDs. How do climate change and environmental factors contribute to their spread?**

[Amit Pradhan](#)



**Yojna IAS**  
योजना है तो सफलता है