



# Advisory Board on Banking and Financial Frauds

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## Why in News?

The [Central Vigilance Commission \(CVC\)](#) has reconstituted the [Advisory Board on Banking and Financial Frauds \(ABBFF\)](#) to fortify the examination of [bank fraud cases](#).

## What is the Advisory Board on Banking and Financial Frauds (ABBFF)?

- **About:**
  - ABBFF serves as the **first-level examination body for bank fraud cases** before they are referred to **investigative agencies like the [Central Bureau of Investigation \(CBI\)](#)**.
    - ABBFF is empowered to **conduct periodic fraud analysis within the financial system**.
  - It offers insights and policy recommendations related to fraud prevention and management to regulatory bodies like the [Reserve Bank of India \(RBI\)](#) and **CVC**.
- **Composition and Tenure:**
  - The reconstituted ABBFF board includes the **Chairman and four other members, each contributing their expertise to fraud-related matters**.
  - The Chairman and Members of ABBFF hold their positions for a **tenure of two years**.
- **Mandatory Referrals and Advisory Role:**
  - All public sector banks, insurance companies, and financial institutions are required to refer **fraud cases exceeding Rs. 3 crore to ABBFF before initiating criminal investigations**.
  - The advice provided by ABBFF regarding criminality and malafide (acting in **bad faith or with dishonest intentions**) involvement of officials must be considered by the competent authority.
  - ABBFF's purview extends to providing advisory support for cases referred by the CVC or the CBI.
- **Omission of "Sun Set Clause":**
  - Notably, the concept of a "**sunset clause**," which could have **limited actions against bankers for credit decisions after a specified period**, has not been included in ABBFF's functioning.

## What is the Central Vigilance Commission (CVC)?

- **About:**
  - The Central Vigilance Commission was **set up by the Government in 1964 on the recommendations of the Committee on Prevention of Corruption, headed by Shri K. Santhanam**, to advise and guide Central Government agencies in the field of vigilance.
  - The Parliament enacted the **Central Vigilance Commission Act, 2003 (CVC Act)** conferring statutory status on the CVC.
- **Members:**
  - **Central Vigilance Commissioner and not more than two Vigilance Commissioners**, who are **appointed by the President** on the recommendation of a committee consisting of the **Prime Minister, the Home Minister and the Leader of the Opposition in Lok**

### **Sabha.**

- They hold office for a **term of four years or until they attain the age of 65 years, whichever is earlier.**

### ▪ **Functions:**

- The CVC **receives complaints on corruption or misuse of office and recommends appropriate action.**
  - Following institutions, bodies, or a person can approach CVC:
    - **The central government, [Lokpal](#), [Whistle blowers](#).**
    - **It is not an investigating agency.** The CVC either gets the investigation done through the **CBI** or through chief vigilance officers (CVO) in government offices.
    - It is empowered to inquire into **offences** alleged to have been committed under the **[Prevention of Corruption Act, 1988](#)** by specific categories of public servants.

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