

Class! 10<sup>th</sup> Tender Heart High School.  
Sub! Comm. Studies  
Teacher! Lokesh Arora

classmate  
Date - 25/11/24  
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## Ch-14 Banking

Good Morning Students

This lesson is of class 10<sup>th</sup> for the subject of Commercial Studies. The topic for today is 'Financial Fraudulent practices' which is covered in Ch-14 'Banking' of your book 'Commercial Studies'

The lesson is being submitted to you on 25-11-2024 and the voice of is of Mr. Lokesh Arora.

All the students now please open page number 250 of your book and listen carefully.

Students ~~to~~ in the previous lesson we had discussed about Debit Card and Credit Card. Today we will discuss various precautions while using Debit and Credit Card

- (1) Memorise your PIN and do not write it down anywhere. Also, do not share ~~not~~ your PIN with anyone.
- (2) You may receive fake calls asking for your bank details. Do not share any such information on calls as the bank will never ask your bank details as they already have them.
- (3) After completing your transaction ①



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In the ATM, always press the cancel key.

- (4) If you lose your card, report to the bank immediately and get your card blocked.
- (5) Change your PIN number as often as possible.
- (6) Copy the customer service phone numbers from the back of each of your debit and credit cards and keep this list in a separate location.
- (7) Let issuer know your travel dates and destination. If your card gets swiped at an unusual location, the card issuer may decline the suspicious transaction.
- (8) Avoid using the ATM if suspicious individuals are standing nearby.
- (9) If your card gets stuck in the machine, call your financial institution promptly to report the incident.

Now, we will discuss Financial Fraudulent Practices.

Financial Fraud happens when someone deprives you of your money or otherwise harms your financial health through misleading, deceptive, or other illegal practices. This can be done through a variety of (2)



methods such as identity theft or investment fraud.

Some of the fraudulent practices in the area of finance are given below:

### 1. Credit Card Fraud:-

Credit card fraud is a broad term consisting of theft of a credit/debit card and fraudulent use of funds.

The purpose of fraud may be to obtain goods without paying or get unauthorised funds from the account.

Credit card fraud may occur in two main ways. First, is the theft of the physical card itself. Secondly, the information concerning the card and bank account may be stolen.

The account number of the card and other details may be used in an unauthorised way. This information is available as a matter of routine to the merchant from which the card holder has purchased something. The information may be obtained by the fraudster without any hint to the card holder, issuer and the merchant. For example, a clerk of the merchant may copy the sales receipts the information from the



## 2. False Accounting Fraud:

A false accounting fraud occurs when assets of a company are overstated (shown at a higher value than the original value) ~~as~~ or its liabilities are understated (shown at a lower value) in order to make it appear financially stronger than what it is in reality.

Due to false accounting, the financial statements of the firm do not reflect a true and fair picture of its financial health.

Falsification of records, alteration of figures and keeping two sets of financial accounts are all examples of false accounting.

False Accounting is done for the following purposes:-

- (i) To inflate the company's share price.
- (ii) To hide losses or to cover up theft.
- (iii) To report unrealistic profits.
- (iv) To get loans from banks or financial institutions.
- (v) To get a performance based bonus.
- (vi) To attract customers by appearing more successful than reality.

## (3) Insurance Fraud:-

Any action taken with the intention to obtain a fraudulent benefit from an insurance process (4)



is an insurance fraud. Such a fraud happens when a person tries to obtain some advantage to which he/she is not entitled. It may also occur when an insurer (i.e. insurance company) denies a due benefit to the insured/beneficiary (who has taken the insurance policy). Both employees of insurance company and ~~can~~ claimants can indulge/invoke in insurance fraud.

False insurance claims ~~admit~~ filled with the intention to defraud an insurance company is an example of such fraud.

False insurance agents visit the houses of the customers to commit these frauds. Tempting the consumer with lucrative offers, they take the cheques from the customers and pick up the money from the bank.

#### (4) Intellectual Property Fraud:-

Intellectual property means an idea, invention, design etc. that some body has created and that the law prevents other people from copying.

e.g. Patent, Trademark, Copyright and trade secret laws. Intellectual property ~~fraud~~ consists of wide range of activities. The fraud may involve gaining illegal access to protected (5)



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material. This type of fraud is also committed when the false products and pirated products which are no longer original, are passed to customers as being original. The industry that usually fall under this category of frauds are health, fashion, films, music and cosmetics where piracy and theft are very common.

False products have lower safety standard, which can pose health and safety risks to the consumers. Moreover, they also damage the reputation of the companies who produce the legitimate products.

#### (5) Internet and Cyber Fraud:-

This type of fraud involves a computer and a network. A cyber crime can be defined as "an offence that is committed against an individual or group of individuals with a motive to deliberately harm the reputation of the victim or cause physical or mental harm to the victim directly or indirectly by using modern telecommunication networks such as internet and mobile phones."

Cyber crimes can threaten the financial health and reputation of a person, an organisation and even



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a nation. Hacking, copy right violation, unwarranted mass-surveillance are types of such crimes.

A experienced hacker can actually hack the on-line account and commit frauds. Sometimes frauds are committed if we click on a link while browsing which turn out to be a scam and download malware into the system, gaining access to every data in your computer. This not only affects the internet security but also increases the chances of having access to an individual's confidential information. The main motto of this fraud can be harassing the individual or financial gain.

With this, I am ending my topic here. I will give you some questions. You are required to answer the questions in your note-books.

- Qus!
1. Give some precautions while using a debit or credit card.
  2. What is Insurance fraud?
  3. What is Intellectual Property fraud?
  4. What is E-Wallet?

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