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.