

## General guidelines on Fraud Prevention and Detection

### **Background:**

Earnpay Digital Service has several board approved policies and standard operating processes in place for prevention and detection of frauds. The purpose of this document is to give an overarching view of the various means used by the Company to keep frauds under check. The company follows a zero tolerance policy towards fraudsters.

### **Fraud Prevention and Detection:**

The company uses three 'Ds' effectively to prevent and detect frauds.

1. **D**ue diligence
2. **D**evice data
3. **D**istance criteria

The first and foremost preventive control is ensuring proper due diligence of its' customers, agents, vendors, other stakeholders. Proper due diligence is carried out by using phygital modes which are including but not limited to physical verification, liveness checks in digital onboarding, etc.

In an age of digitization, the mobile device is an important element of the JAM trinity (**J**andhan accounts, **A**adhaar and **M**obile device). Today, the mobile device can be equated to a mini bank because it facilitates all financial transactions. Aadhaar is also used to ensure seamless customer experience and fraud control. Spice Money has effectively used mobile device data, biometric device data to ensure timely hotlisting of devices used to perpetrate frauds. Further, any change in device is monitored closely to prevent frauds on its' platform

Most of the transactions getting processed on Spice Money platforms emanate from 'fixed points'. Therefore, ensuring that we have an eye on the distance of transactions from the anchor point is very crucial to ensure that sharing of credentials is immediately detected and prevented. In a digital world, phishing calls have become very common and Spice Money believes in spreading awareness to its' customers as well as fortifying its' systems to prevent frauds

### **Actions against fraudsters:**

In line with its' zero tolerance policy towards frauds and fraudsters, the company blocks fraudsters from using its' systems in future, it also ensures proper reporting to relevant stakeholders in the ecosystem so that fraudsters are unable to transact on any other platform. Legal actions are also initiated on a case to case basis. The company works with various stakeholders like I4C, Banks, NPCI and UIDAI to ensure that stringent actions are taken against fraudsters.

### **Conclusion:**

Effective fraud prevention and detection is a necessity and a social responsibility of each and every individual and institution involved in financial services. The effective use of technology and human resources, coupled with awareness is the key to reduce frauds and provide a safe digital environment to customers

