Anna Pilarczyk

Frauds as a category of operational risk in banks

Summary

The phenomenon of cheating accompanied mankind for centuries. Even in ancient Rome formulated non-cheating others [Dobrowolski, 2008, p. 5]. Significant operating losses incurred by the banks, for example, the Bank of Credit and Commerce International, Barings Bank, Daiwa Bank, Allfirst Bank, Lehman Brothers, Societe General, Snoras Bank, Latvijas Krājbanka in the total amount of PLN 70.12 billion highlighted as a major concern of management is to reduce operational risk, defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events [Commission for Banking Supervision, 2004, p.3]. The occurrence of fraud in banks, it is not only the current financial losses, but also in the future, due to the erosion of confidence in the banking sector.
The considerations in this doctoral thesis focused on employees and ran two mutually interrelated trends: descriptive and postulated, on the basis of management science, disciplines in the humanities.

In order to realize the basic functions of scientific knowledge, i.e. the function diagnostic and explanatory, the following research methods: analysis of the text: document-files of criminal cases and the study of literature. Therefore conducted an analysis of 322 cases from the years 2005 to 2009 related to fraud belonging to the category of operational risk, provided by one of the four district courts in Krakow, chosen for the greatest number of the inhabitants of potential customers and bank employees.
Empirical material collected was analyzed according to the following criteria:

- Categories and the amount of fraud,
- Victims of entities (commercial bank, cooperative bank, in addition to the non-banking financial institutions for example: leasing and financial intermediation, production and service companies, the company P.)
- The characteristics of the perpetrators of frauds.

These criteria help in better understanding of the social environment organization defined by

M.J Hatch, as a social structure (profession, age, income).

Applied research methods made it possible to achieve the objective of a doctoral dissertation, ie. the diagnosis of operational risk and formulate, proposals for the reduction direction, the purpose of the dissertation is to systematize intermediate conceptual apparatus associated with the issue of frauds.

The dissertation research problems formulated as follows:

- What factors determine operational risk at banks in the context of the unethical behavior of employees?
- Can the banks internal control systems are effective in preventing fraud made by employees and customers?
- Are the recommendations of the Basel Committee on Banking Supervision, in particular New Basel Capital Accord and Recommendation M protect the banks before the loss of low value (in excess of PLN 1,000 and a high probability of their occurrence?

Analysis of the results made it possible to make generalizations, including the development of risk management scheme irregularities, which can be used in organizations.

Adopted for research purposes and research problems formulated dissertation subordinated structure. In the first chapter defines the concept of operational risk, then the methods of operational risk management, taking into account the recommendations of the Basel Committee on Banking Supervision.

In the second chapter of this doctoral thesis presents the results of research on the issue of bank fraud. In the third chapter of the dissertation discusses three categories of fraud bank employees in the context of the organization's management; Moreover, the results of a comparative analysis of 79 codes of ethics, in terms of the solutions to combat the occurrence of operational risk. It also presents a diagram diagnosis of operational risk in banks.

Anna Pilarczyk