

From Regulation to Balance Sheet

Why India's 2026 reimbursement shift turns digital fraud adjudication into a high-exposure control function — and how existing operating models fail

Rs 22,845 cr

CITIZENS' CYBER-FRAUD
LOSSES, 2024

Rs 1 lakh

RBI FRAUD-REPORTING
THRESHOLD

+206 % YoY

CYBER-FRAUD LOSSES, 2024 VS
2023

REGULATORY ANCHOR

Anchored on the RBI's draft Amendment Directions of **6 March 2026**, which propose to compensate small-value digital fraud and revise the in-force 2017 customer-protection framework.

[RBI draft Amendment Directions \(6 Mar 2026\)](#) · [RBI Customer Protection circular \(6 Jul 2017\)](#)

BASIS

Cyber-fraud universe: NCRP/I4C calendar 2024; RBI bank data FY2024-25; global regimes as of June 2026; as-of **19 June 2026**.

THE SINGLE-LINE THESIS

The upcoming 2026 reimbursement shift moves digital fraud from an operational nuisance to a direct balance-sheet loss. Because banks report only frauds above Rs 1 lakh, their systems are blind to the small-value cyber-fraud universe (Rs 22,845 cr lost by citizens in 2024, +206% YoY) targeted by the new compensation rules. Every claim in this universe ends in a liability decision that is uncalibrated, inconsistent, and currently undefended. When consumer courts routinely overturn bank denials, standard remedies like training and QA sampling are inadequate; CROs must implement continuous, individual-level decision calibration to secure an inspection-defensible audit trail before liability attaches on 1 July 2026.

Prepared by **Rohit Kumar** · ZenLearn Research

Founder, ZenLearn Research · IIM Mumbai · Former Head of Business, Eko India

ex-CFO: Blackstone IARC, Pristyn Care, GE A&C SE Asia · Engine development, Tata Nano programme

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00 Executive Summary

On **6 March 2026** the RBI issued draft Amendment Directions proposing to compensate small-value digital fraud — the liability shift this report is built around. The 2026 digital fraud liability shift is not a compliance event — it is a balance-sheet shock. By capping customer liability, the regulator forces fraud losses directly onto bank P&Ls. Since the official RBI fraud return reports small-value cases (under **Rs 1 lakh**) only as consolidated quarterly statistics, not individually (FMR-1), the headline figure understates the exposure and banks lack case-level visibility into the sub-Rs-**50,000**¹ cyber-fraud universe targeted by the new compensation rules. Managing this exposure requires moving from lagging loss metrics to leading indicators of decision quality, redesigning the alert-to-close journey, and calibrating individual investigator decisions in real-time.

- 01 The measurement blind spot: The official RBI fraud return individually reports only frauds $\geq$ **Rs 1 lakh** (**Rs 520 crore**¹⁷ in card/internet fraud); sub-Rs-1-lakh cases are recorded in internal FRMS and consolidated as quarterly statistics, not in this headline line — so it understates the small-value citizen-loss cyber-fraud universe (**Rs 22,845 crore**³⁴ lost in 2024, **+206%**³⁴ YoY across 36 lakh complaints), the direct target of the new compensation rules.
- 02 Operational implications: Five core consequences will redefine the CRO's agenda:
 - (1) Fraud becomes a balance-sheet issue
 - (2) Adjudication becomes a critical control function
 - (3) Ombudsman escalations serve as leading indicators
 - (4) Investigator decision consistency becomes measurable
 - (5) Board risk reporting must evolve from lagging loss totals to leading decision-quality scorecards.
- 03 The peer group exposure: Digital-first and payments banks face acute exposure due to high transaction volumes and lean operational stacks, while public-sector and large private banks are highly vulnerable to clock pressure (10-day shadow reversals) and unmeasured investigator noise.
- 04 The bridge to calibration: Traditional remedies — QA sampling, larger audit samples and training refreshes — do not measure or correct investigator variability under pressure. Closing the gap requires continuous, individual decision-quality measurement at the moment of adjudication.

Q Why this is a top-five CRO priority this quarter

A CRO's quarter is already full. This earns a slot on five specific grounds — each evidenced later in this brief.

The argument is not that adjudication quality is interesting; it is that five separate pressures converge on it now. A 10-question test of your own exposure appears in the Self-Diagnostic (Section SD), and a 30-day diagnostic in Section EA — so this brief can be acted on, not just read.

WHY THIS ENTERS THE TOP FIVE — AND WHERE THE EVIDENCE SITS

PRESSURE	WHY IT LANDS THIS QUARTER	WHERE IN THIS BRIEF
Direct P&L exposure	The bank-borne reimbursement pool is sized at ~Rs 112 cr system-wide at today's 20% two-leg share (base case; full derivation in Sensitivity Grid, Implication 1) — additive to the litigation cost of wrong denials, and designed to rise toward the 85% basis as the RBI subsidy tapers	Sensitivity grid (Implication 1)
Supervisory scrutiny	The 2024 FRM Directions and the natural-justice standard make an unmeasured, undefendable adjudication decision an inspection exposure	Control-layer matrix (Exhibit)
Litigation & Ombudsman cost	Consumer courts are already overturning bank denials, and RB-IOS Ombudsman complaints rose 13.55% ¹⁸ to 13.34 lakh in FY25 (credit cards 20.04% ¹⁸)	Reversal taxonomy (Implication 3)
Board accountability	Every contested claim is a bank-owned decision under a 10/90-day clock, and no function owns its quality	Operating model (CRO Dashboard)
No measurement framework	Every other fraud-control layer is benchmarked; we found no public benchmark for adjudication quality	Measurement matrix (Exhibit)

Five distinct pressures, not one — which is why this is a board-level risk, not an operational nuisance.

Source: ZenLearn Research

THE POINT

This is not a fraud-detection story (where banks are Advanced); it is a decision-quality story on the one layer the new economics will price.

01 Implication 1: Fraud becomes a balance-sheet issue as the real universe outpaces official returns

India's new reimbursement framework forces digital fraud losses directly onto the P&L. Because banks individually track only high-value frauds — sub-Rs-1-lakh cases sit in internal FRMS and aggregate quarterly statistics, not the headline return — they lack case-level visibility into the small-value cyber-fraud universe targeted by the new rules.

Rs 22,845 cr

CITIZENS' CYBER-FRAUD LOSSES, 2024 (NCRP/I4C) — +206% YOY

Rs 1 lakh

RBI REPORTING THRESHOLD — SMALL-VALUE FRAUD IS EXCLUDED BY RULE

~44x

THE REAL UNIVERSE VS THE RS 520 CR BANK-REPORTED LINE

In FY25 card and internet frauds were **66.8%²⁴** of all banking-fraud cases by number — the single largest category — but only about **7.2%²⁴** of fraud value (RBI Report on Trend and Progress 2024-25). Operational load and customer disputes concentrate in digital fraud even though the largest rupee losses sit elsewhere.

The bank-reported loss line is modest and basis-dependent, but both bases miss the decisive number: adjudication accuracy — how often the bank's liability decision is correct.

The 2026 reimbursement framework forces digital fraud losses directly onto bank P&Ls. Since official returns individually report only frauds $\geq$ **Rs 1 lakh** — sub-Rs-1-lakh cases sit in internal FRMS and aggregate quarterly statistics, not the headline return — banks lack case-level visibility into the small-value cyber-fraud universe targeted by the new rules.

Citizens lost **Rs 22,845 crore³⁴** to cyber fraud in 2024 — up **206%³⁴** from **Rs 7,465 crore³⁴** in 2023 — across 36 lakh complaints. Yet, bank-reported payment fraud was only **Rs 520 crore¹⁷** because the FMR-1 framework excludes small-value cases.

This massive measurement gap is the exact blind spot the new regulatory regime targets. As liability shifts to the bank, the operational control wedge must move from transaction blocking to decision calibration.

THREE NUMBERS, KEPT APART — WHAT EACH ACTUALLY MEASURES

FIGURE	WHAT IT IS	WHY IT IS (NOT) THE RIGHT DENOMINATOR
Rs ~36,000 cr	Total bank fraud, FY25 (RBI return)	Over 90% advances fraud — out of scope
Rs 520 cr ¹⁷	Card/internet fraud, FY25 (RBI return)	Bank-reported, >= Rs 1 lakh only — a high-value subset
Rs 177 cr ³⁵	High-value digital payment fraud, FY24 (govt)	Narrow bank-channel slice
Rs 22,845 cr ³⁴	Citizens' cyber-fraud losses, 2024 (NCRP/I4C)	The real universe the scheme targets — small-value, +206% ³⁴ YoY

The bank return counts only frauds >= Rs 1 lakh (FMR-1); the scheme caps at Rs 50,000,¹ so its target population sits below the reporting threshold.

Sources: RBI Annual Report 2024-25; RBI Master Circular on Frauds; govt replies to Lok Sabha citing NCRP/CFCFRMS/I4C. · ZenLearn Research

SENSITIVITY GRID — LEG A

How this table is built

Inputs: ~36 lakh cyber-fraud complaints (I4C 2024); ~65% small-value (RBI); cap Rs 25,000¹/claim; bank-system share 20% under the transitional 65/10/10.

Assumptions: scenario fractions and payouts are stated, not RBI figures.

Per large bank (~15% volume): base ~Rs 17 cr; range ~Rs 6 cr to ~Rs 44 cr.

Bank-share path: as RBI's 65% leg is withdrawn the bank column rises from 20% toward the full 85% basis (up to ~4.25x).

Two legs: Leg A is this forward pool; Leg B is the current litigation cost of wrong denials, sized per matter in the cost-of-inaction exhibit.

SCENARIO	ELIGIBLE SMALL-VALUE CLAIMS	AVG PAYOUT/CLAIM	COMPENSATION POOL	BANK-BORNE (20%, TODAY)
Low	2.3 lakh (10% of small-value)	Rs 8,000	~Rs 187 cr	~Rs 37 cr
Base	4.7 lakh (20%)	Rs 12,000	~Rs 562 cr	~Rs 112 cr
High	8.2 lakh (35%)	Rs 18,000	~Rs 1,474 cr	~Rs 295 cr

Sources: I4C 2024 complaint data; RBI draft Amendment Directions (6 Mar 2026). · ZenLearn Research

THE POINT

The problem is not Rs 520 crore¹⁷; it is a Rs 22,845-crore³⁴, +206%³⁴ citizen-loss universe the official bank data cannot see — which is exactly why fraud is now a balance-sheet risk, and why decision quality, not loss totals, is the metric that matters.

02 Implication 2: Adjudication must become a measured control function as operating models break

Today's fraud operating models are largely process-driven — built to detect and clear transactions, not to weigh the contested-liability decision that follows. Under the new reimbursement clock, that decision is where the loss is now settled, yet it is the part the operating model leaves unmeasured.

Rs 22,845 cr

THE UNIVERSE THE BANK-BORNE POOL IS SIZED ON, NOT RS 520 CR

System vs bank

EXPOSURE SHOWN AT BOTH SCOPES, WITH FORWARD SCENARIOS

Quarterly

A BOARD SCORECARD OF NAMED ADJUDICATION KRIS

With digital payment fraud shifting onto the balance sheet (Section 01), existing process-driven operating models must transform. Current alert-to-close journeys fail to handle the speed and volume of small-value disputes under the new clocks.

Existing fraud operating models are built on a linear, unmeasured path: an alert is generated, a manual investigator reviews it, makes a gut-check decision to clear the queue, and the customer is notified of a denial. Under the 2026 rules, process-driven models are exposed where the clock and the burden of proof bite.

Adjudication must become a calibrated control function.

The diagnostic lens is the four signals applied to each decision; the delivery mechanism — a real-time signal injected into the analyst's workflow — is set out in the recommendations. This moves the bank from uncalibrated guess-work to a future state where every decision is calibrated, benchmarked against peer logic, auditable, and logged for board reporting.

Standard training, larger QA samples and generic policy updates are not designed to measure investigator consistency under clock pressure.

THE PIVOT — EVERY LAGGING MACRO SIGNAL RESOLVES INTO A LEADING DECISION SIGNAL

LAGGING MACRO INDICATOR (WHAT THE DATA SHOWS)	THE HUMAN DECISION IT CREATES	LEADING SIGNAL (ZENLEARN)	CAPTURED IN WORKFLOW
Card/internet fraud volume ~2x FY23 (RBI)	Was the 10-day shadow reversal applied and the right liability band set?	Protocol Discipline	Real-time signal on the decision
OTP-share & SIM-swap scams (NCRP/I4C)	Is this ambiguous claim escalated, or guessed?	Risk Escalation	Alert when a hard case is closed without escalation
Pressure to protect the loss line / clear the 90-day clock	Is the rule held under volume and commercial pressure?	Pressure Resistance	Flag on denial patterns that spike under backlog pressure
New scam typologies (e.g. digital-arrest)	Does the analyst know the 2017 rule and 2026 draft apply?	Regulatory Awareness	Prompt with the governing rule at the moment of decision
Ombudsman escalations & court reversals (lagging)	What is our reversal rate on our own decisions?	Rolls up all four signals	Board quarterly scorecard

This is the pivot from systemic outcomes to root cause: each macro lagging indicator resolves into one specific human decision, scored on ZenLearn's four signals and surfaced inside the daily workflow — turning lagging outcomes into leading, measurable risk signals.

Source: ZenLearn Research

EXHIBIT: OPERATIONAL BREAKDOWN OF THE FRAUD ALERT-TO-CLOSE JOURNEY

STEP	CURRENT STATE (UNMEASURED ALERT-TO-CLOSE)	FUTURE STATE (ZENLEARN CALIBRATED ADJUDICATION)
1. Fraud Alert	Generated by detection engine (Actimize, Falcon)	Enriched with contextual user-delay and behavioral signals
2. Case Review	Investigator performs manual, uncalibrated review	Investigator guided by calibrated JQ prompts and anchor cases
3. Decision Logic	Individual guess/gut-check to clear queue and hit SLA	Decision calibrated in real-time against peer bank logic
4. Quality Control	Lagging QA audit of a tiny (~1%) random sample	Continuous, automated signal check for Protocol Discipline
5. Audit Trail	Static decision note in case management system	Timestamped, logically validated, inspection-defensible log
6. Board Visibility	Lagging loss totals; no decision-quality metrics	Quarterly scorecard of leading indicators (reversal/variance rate)

The current linear model treats adjudication as an administrative step; the future model treats it as a calibrated control.

Source: ZenLearn Research

FORWARD SCENARIOS — WHERE THE BANK-BORNE EXPOSURE GOES

SCENARIO	DRIVER	EFFECT ON BANK EXPOSURE
Base	Today's 20% bank-system share (both legs), base scenario	~ Rs 562 cr pool; ~ Rs 112 cr bank-borne system-wide; ~ Rs 17 cr for a large bank (Leg A base cell)
Higher adoption	Awareness drives small-value claim rates up	Pool scales directly with eligible claims
Cap expansion	Rs 25,000¹ compensation ceiling raised	Per-claim payout and the pool multiply
Bank-share review	RBI share falls, bank share rises (as designed)	Exposure moves toward the low thousands of crore
Fully bank-funded	RBI exits the pool at maturity	Banks bear the full small-value reimbursement

Directional, not forecasts; built on the disclosed scheme mechanics (cap, 65/10/10, one-year review). The base reconciles to the Leg A sensitivity grid and the cost-of-inaction exhibit, which supersede this qualitative view.

Source: ZenLearn Research

THE BOARD QUARTERLY SCORECARD — KRIS FOR THE ADJUDICATION LAYER

KRI	WHAT IT REVEALS
Reversal rate	Share of liability decisions overturned on internal review
Ombudsman escalation / overturn rate	The external check on the decision
Compensation approval rate	How often claims are paid vs denied — and drift over time
Repeat-claim rate	Customers re-disputing after a denial
Investigation cycle time	Speed against the 10/90-day clock
Reviewer variance / high-disagreement %	Do like cases get like outcomes across analysts

We found no public evidence that these metrics are systematically disclosed or board-reported; together they make adjudication quality board-visible and inspection-defensible, rolled up from the four signals.

Source: ZenLearn Research

THE POINT

The bridge from this report's macro data to a pilot is literal: every lagging fraud category maps to one measurable human decision, scored on the four signals and captured in Slack/Teams — Decision Risk Measurement that sits squarely on the operational-risk budget, not a training or assessment programme.

03 Implication 3: Ombudsman escalations and consumer court reversals are leading indicators of control failure

Every contested liability denial is a potential legal exposure. A structured sample of consumer-court and NCDRC rulings shows banks' first-instance denials being overturned and externally repriced — a downstream indicator that the adjudication layer leaks. It corroborates that the first decision is sometimes wrong; it does not, on its own, measure investigator judgment quality or its rate.

70 rulings

REVIEWED INDIAN CONSUMER-COURT, NCDRC, STATE COMMISSION AND SUPREME COURT RULINGS — EACH MAPPED TO THE OBLIGATION THE BANK'S FIRST DECISION FAILED

52%

OF THE 54 CORE REVERSALS TURNED ON BURDEN OF PROOF — REGULATORY AWARENESS IN THE JQ TAXONOMY

87%

OF CORE REVERSALS ARE THE TOP TWO MODES COMBINED: BURDEN OF PROOF (52%) + DETECTION/INVESTIGATION (35%)

46%

OF DECIDED STATE COMMISSION APPEALS ARE WON BY THE BANK — THE HONEST COUNTERWEIGHT TO THE REVERSAL PATTERN

When operating models fail to calibrate these decisions, the leakage manifests first in regulatory disputes. Across 70 Indian consumer-court, NCDRC, State Commission and apex-court rulings — each reviewed and categorised by the obligation the bank's first decision failed — forums overturn banks on a narrow, repeating set of judgment failures: burden of proof (52% of 54 bank-loss rulings) and detection/investigation (35%) together account for 87% of those reversals.

The third mode, reversal-window failure, accounts for the remaining 13%.

Two disciplines guard against over-reading this.

First, the failure categories and the inclusion rule were fixed before reviewing the rulings — not fitted to the cases.

Second, a separate review of State Commission appeal outcomes shows banks prevail in 46% of decided cases — so this analysis describes why banks lose when they lose, not how often. Both facts belong in the same briefing.

WHY BANKS LOSE: FAILURE-MODE SHARES ACROSS 54 BANK-LOSS RULINGS (FROM 70 REVIEWED)

How the 70 rulings were reviewed

ZenLearn reviewed 70 Indian consumer-court, NCDRC, State Commission and apex-court rulings on unauthorised-transaction liability. Each ruling was mapped to the single obligation the bank's first decision failed — burden of proof, detection, or the 10-day reversal window. The failure categories were fixed before reviewing, not fitted to the cases. Rulings where the bank won, or where liability turned on third-party negligence or telecoms principles, are recorded separately and excluded from the 87% figure.

FAILURE MODE	JQ SIGNAL	DEFENCE THE FORUM REJECTED	SHARE OF 54 CORE REVERSALS
Burden of proof not discharged	Regulatory Awareness	'Customer shared OTP / credentials' — no authentication logs produced	52% (~28 of 54)
Detection / investigation failure	Risk Escalation	'Authorised via registered device' / 'third-party scam, not our liability'	35% (~19 of 54)
Reversal-window failure (no 10-day reversal)	Protocol Discipline	'Reversal not owed'	13% (~7 of 54)

Shares are of the 54 core reversals only. Reported-ruling samples skew toward reversals; the State Commission appellate sample (46% bank-win on decided appeals) is the counterweight. Source: ZenLearn Research · When the Bank Loses (June 2026).

WHEN THE BANK WINS — THE 46% OF DECIDED APPEALS WHERE THE BANK PREVAILED

The defence playbook

Of 55 State Commission appeal judgements reviewed on unauthorised-transaction liability, 26 reached a clear merits decision — and banks prevailed in **46%** of those (12 of 26). The conditions that held up in appeal are the mirror image of the failure modes on the previous page: the bank won when it had the evidence it otherwise lacked.

DEFENCE	WHAT THE BANK PRODUCED	WHY THE FORUM UPHELD THE DENIAL
Customer proved to have shared credentials	Authentication logs showing OTP delivery + timestamp of customer action	Burden of proof discharged — the bank's assertion was evidenced, not bare
Customer's own negligence documented	Evidence of voluntary credential disclosure (phishing response, screen-share)	RBI 2017 circular shifts full liability to the customer where negligence is proven
Third-party / SIM-swap breach	Records showing fraud originated in telecom failure, not bank's system	Liability follows the proximate cause — court applied the 'SIM-swap principle'
Late reporting by customer	Transaction logs showing customer did not report within 3 working days	Zero-liability window closed; bank's liability reduced under the 2017 circular
10-day shadow reversal applied	Internal records confirming provisional credit within the reversal window	Procedural compliance met — the Protocol Discipline obligation was discharged

Source: ZenLearn review of 55 State Commission appeal judgements; 26 reached a clear merits decision (bank-win or loss on the facts of the liability decision). The **46%** bank-win rate is from this appellate sample, not from the 70-ruling reversal taxonomy. These two samples are complementary, not contradictory: the reversal taxonomy shows why banks lose; the appellate sample shows they also win — when they have the evidence. Source: ZenLearn Research · When the Bank Loses (June 2026).

WHAT BANKING CUSTOMERS ACTUALLY LITIGATE — ACROSS 542 STATE COMMISSION JUDGEMENTS REVIEWED

Putting digital fraud in proportion

ZenLearn reviewed 542 substantive State Commission judgements against major bank groups to map the full dispute landscape. Digital fraud is a significant category but not the largest — insurance products sold through banks (bancassurance) and loan disputes both outrank it. This matters because the burden-of-proof failure mode is concentrated and recurring within digital fraud, not spread across all banking disputes.

CATEGORY	SHARE OF ALL DISPUTES	BANKING-ONLY (EXCL. INSURANCE)
Insurance — bancassurance products	36%	—
Loan disputes	24%	38%
Digital fraud (unauthorised transaction)	15%	24%
Deposit / account disputes	6%	9%
Cheque disputes	4%	5%

542 State Commission judgements reviewed across all dispute types against major bank groups; 'banking-only' column excludes the bancassurance insurance arm. A structured review sample, not a national litigation rate. Source: ZenLearn Research · When the Bank Loses (June 2026).

THE LADDER OF EVIDENCE — HOW WE KNOW THE PROBLEM IS REAL WITHOUT PER-BANK DATA

EVIDENCE RUNG	EVIDENCE	WHAT IT SHOWS
Direct — outcomes (banking reversals)	The reversals above, across a dozen banks (incl. SC notices)	Banks deny claims later found payable — the OUTCOME of the first decision was wrong (corroboration that the layer leaks, not a measure of the judgment behind it)
Direct — measurement (vignette study, forthcoming)	Structured-vignette study: investigators score identical contested-claim fact patterns; inter-reviewer variance measured (forthcoming)	The apples-to-apples measure of judgment quality INSIDE the bank — the instrument the court record cannot be
Adjacent fields	Insurance 55% noise; medical & judicial variability ('Noise', 2021)	The same task class is measurably inconsistent wherever audited
Structural	Ambiguous-evidence expert decisions vary under pressure	Adjudication is exactly this task
(Absent)	Systematic per-bank adjudication-accuracy data	Not publicly disclosed — the white space a ZenLearn benchmark fills

The case stands on the real reversals (the layer leaks) plus the forthcoming vignette study (which measures judgment) and the decision-science noise literature — no invented statistic.

Source: ZenLearn Research

WHAT WE CAN PROVE VS WHAT WE INFER

Left column: evidenced directly in this brief. Right column: inferred — not claimed to have been measured. Rows are not paired across columns.

PROVEN (EVIDENCED HERE)	INFERRED (STRUCTURAL, NOT YET MEASURED)
The RBI draft liability shift (6 Mar 2026)	Adjudication variance inside any specific Indian bank
NCRP cyber-fraud losses +206% ³⁴ (2024)	Which grid cell the exposure lands in
54 bank-loss rulings from 70 reviewed — consumer courts to the Supreme Court	The calibration need at a named institution
RB-IOS Ombudsman complaint-volume rise	That measuring the four signals reduces error (no ROI claimed)

THE POINT

In our review of 54 bank-loss rulings, the single largest failure mode is the bank not producing authentication logs to discharge its burden of proof — Regulatory Awareness in the JQ taxonomy. This corroborates that the adjudication layer leaks (a pattern in these rulings, not a national rate); the direct measurement of judgment quality rests on the forthcoming structured-vignette study, not the court record. The gap points to an industry-wide measurement absence, not one weak bank.

04 Implication 4: Investigator consistency must become measurable under pressure

Adjudication quality is defined by four core Judgment Quotient (JQ) signals. Since no bank publicly reports these, no public disclosure currently allows an external observer to place any bank above Level 2.

4 signals

PROTOCOL DISCIPLINE · RISK ESCALATION · PRESSURE RESISTANCE · REGULATORY AWARENESS

Advanced→Basic

INDUSTRY MATURITY: DETECTION VS ADJUDICATION

~37.5% vs 34.8%

OMBUDSMAN COMPLAINT SHARE: PRIVATE VS PUBLIC BANKS (ATTRIBUTED)

Across the review of bank-loss rulings, every reversal mapped to one of three recurring failure patterns: failure to apply the governing rule, failure to escalate ambiguity, and failure to hold process under pressure. ZenLearn groups these observed patterns into four operationally measurable signals — Protocol Discipline, Regulatory Awareness, Risk Escalation and Pressure Resistance — so the four are DERIVED from the evidence, not asserted ahead of it.

The first three are directly visible in the reversals; Pressure Resistance is positioned as a HYPOTHESIS, inferred from operational-risk dynamics (SLA, queue and volume pressure) and the decision clock, pending direct measurement.

To prevent these escalations, banks must measure investigator judgment before a decision is dispatched. Yet, individual-analyst consistency is not, on public evidence, systematically measured under pressure.

Private banks bear a higher complaint burden (37.5%¹⁸ Ombudsman share vs. 34.8%¹⁸ for public-sector banks, with loans & advances at 29.25%¹⁸). But the core operational question is peer positioning: who is most exposed? Digital-first and payments banks face intense pressure on volume, public banks are exposed to clock timelines, and large private banks suffer from high investigator noise.

ZenLearn's JQ taxonomy defines four signals: Protocol Discipline (applying the rules), Risk Escalation (routing ambiguous files), Pressure Resistance (holding the rule under queue pressure), and Regulatory Awareness (knowing the rules apply). Without these, investigators revert to default archetypes — Superficial, Passive, or Over-calibrated (auto-denial to hit metrics).

Scoring these four signals is the structured way this brief argues for, toward an inspection-defensible audit trail.

THE FOUR JUDGMENT QUOTIENT SIGNALS — WHAT 'GOOD' LOOKS LIKE IN A CONTESTED-CLAIM DECISION

SIGNAL	WHAT A SOUND DECISION SHOWS	WHAT FAILURE LOOKS LIKE
PD · Protocol Discipline	Correct liability band, shadow reversal in 10 days , burden carried by the bank	Wrong band, skipped reversal, burden pushed to the customer
RE · Risk Escalation	Ambiguous or novel-scam claims routed for review	Hard case decided alone, on a guess, to clear the queue
PR · Pressure Resistance	Rule held even when it means paying a valid claim	Valid claim denied to protect the loss line; rubber-stamp to hit volume
RA · Regulatory Awareness	Decides knowing the 2017 rules + the 2026 draft scheme apply	Decides on outdated assumptions; misses the natural-justice step

Names are fixed (ZenLearn Judgment Quotient taxonomy); definitions are contextual to digital-fraud adjudication. None of the four is scored by any bank today — the confirmed disclosure gap. Protocol Discipline, Regulatory Awareness and Risk Escalation are visible in the coded reversals; Pressure Resistance is a hypothesis derived from operational-risk dynamics, not evidenced by the reversal sample.

Source: ZenLearn Research

EXHIBIT: PEER GROUP EXPOSURE & CONTROL MATURITY PROFILES

BANK SEGMENT	OPERATIONAL PROFILE	KEY ADJUDICATION VULNERABILITY	MATURITY LEVEL
Digital-first / Payments Banks	High digital volume, lean ops stack	Acute small-value fraud exposure under the new cap	Basic (No adjudication check)
Public Sector Banks (PSUs)	Massive volume, legacy manual processes	10-day shadow reversal clock failures due to delays	Basic (Uncalibrated manual queues)
Large Private Banks	Advanced detection, outsourced ops	High investigator noise & SLA pressure on RMs	Basic (Uncalibrated QA sampling)

Across all segments, Based on publicly observable controls, the industry appears significantly more mature in fraud detection than in adjudication measurement.

Source: ZenLearn Research

THE POINT

Adjudication quality is four measurable signals, not a slogan — and on the one capability the new economics will price, no public disclosure currently allows an external observer to place any bank above Level 2.

05 Implication 5: Board reporting must evolve past lagging loss totals and restatement gaps

Aggregate fraud loss numbers are a lagging indicator that obscures individual decision quality. CROs must track leading metrics that expose operational vulnerability before the audit.

Rs 252 vs 520 cr

SAME FY25 LINE, OCCURRENCE VS REPORTING BASIS

13.34 lakh

RB-IOS COMPLAINTS IN FY25 (+13.55%)

20.04%

CREDIT-CARD SHARE OF COMPLAINTS — 2ND LARGEST CATEGORY

While investigator noise is the root cause of dispute leakage, board-level reporting historically focuses on lagging loss aggregates. Shift from backward-looking totals to leading decision-quality KPIs.

The same FY25 digital-fraud line appears as two official totals depending on the counting convention. On a date-of-reporting basis it is **Rs 520 crore¹⁷ (13,516 cases²⁵)** — every fraud recorded during the year, including older cases reported or reclassified late.

On a date-of-occurrence basis it is **Rs 252 crore¹⁷ (7,756 cases²⁴)** — only frauds that actually happened in FY25, before the reporting backlog catches up. The ~2x gap is a timing-and-reclassification artefact of when a fraud is counted, not a change in underlying fraud risk; both figures are official and reconcile once the basis is stated.

Sizing risk by lagging loss totals is an oversight trap. In contrast, dispute volumes are real and immediate: RB-IOs Ombudsman complaints rose **13.55%¹⁸** to 13.34 lakh in FY25, with credit cards accounting for a massive **20.04%¹⁸** share.

The contested claim volume is growing rapidly in the products where human adjudication is most prone to noise. Board reporting must shift from tracking these lagging numbers to monitoring leading indicators of adjudication consistency.

ONE YEAR, TWO NUMBERS – THE RESTATEMENT GAP

How to read these two numbers

Reporting basis (Annual Report): every fraud recorded this year, including older cases reported or reclassified late — the larger figure.

Occurrence basis (Trend & Progress): only frauds that happened this year, before the reporting backlog catches up — the smaller figure.

The gap is a timing artefact of when a fraud is counted, not a change in fraud risk.

LENS	RECORDING BASIS	FY25 DIGITAL LINE	WHAT IT CAN AND CANNOT TELL YOU
RBI Annual Report	Date of reporting	Rs 520 cr ¹⁷ / 13,516 cases ²⁵	Headline scale; sensitive to reclassification
RBI Trend & Progress	Date of occurrence	Rs 252 cr ¹⁷ / 7,756 cases ²⁴	When fraud happened; not when adjudicated
Neither	—	—	Whether the per-claim liability decision was correct

Mixing bases double-states the problem; neither basis measures decision quality. That is the gap this report is about.

Source: ZenLearn Research

THE POINT

The cost is invisible twice over — the bank return restates its own totals AND misses the sub-Rs-1-lakh universe entirely — so board reporting must evolve from tracking lagging loss totals to monitoring leading indicators of decision quality.

SD Self-Diagnostic

10 questions, sixty seconds

Ten questions a CRO must ask to assess whether their bank's digital-fraud liability decisions are inspection-defensible or balance-sheet leaks.

- | | | |
|----|--|-------|
| 01 | Could you produce, for an RBI inspector tomorrow, the documented rationale behind any single contested-claim liability decision made last month? | Y / N |
| 02 | Do you know your reversal rate — the share of liability decisions overturned on internal review — to one decimal place? | Y / N |
| 03 | If five of your analysts saw the same 4–7-day-delay case, do you know they would assign the same liability band, or are you assuming it? | Y / N |
| 04 | Which specific function in your bank owns the measurement of adjudication-decision quality? | Y / N |
| 05 | If the bank's share of compensation doubled at the one-year review, do you know the exact rupee impact on your current caseload? | Y / N |
| 06 | Do you track the variance/high-disagreement percentage across your fraud investigator teams on identical scam patterns? | Y / N |
| 07 | Is your fraud QA program process-driven (checking checklist completion) or behavior-driven (auditing decision logic)? | Y / N |
| 08 | Does your board risk committee receive any leading indicators of decision quality, or only lagging loss and complaint totals? | Y / N |
| 09 | Are your fraud investigators guided by real-time, workflow-integrated prompts (Slack/Teams) when decision exceptions occur? | Y / N |
| 10 | Does your internal audit team have a structured, regulator-benchmarked adjudication-quality program to test against? | Y / N |

Scoring. Three or more 'no' answers means your bank's adjudication layer is uncalibrated and highly exposed — representing an active balance-sheet leak.

MM Maturity Model

where you are — and how to move up

Most banks sit at Level 1–2. Find your row, read the evidence an inspector would actually get at that level, then the single move that advances you.

LVL	STAGE	WHAT AN INSPECTOR GETS	MOVE UP BY
1	Training-completion dashboards The bank tracks that fraud-adjudication staff completed training; whether their day-to-day liability decisions are sound is unknown.	Course-completion records; no decision-quality evidence	Introduce periodic scenario-based JQ testing.
2	Periodic knowledge testing Analysts are periodically tested on the 2017 liability rules and FRM directions; knowledge is sampled but actual decision behaviour on live contested claims is unmeasured.	Test scores at a point in time; no link to real decisions	Score a random sample of live decisions against the four JQ signals.
3	Scenario-sampled judgment A sample of real or simulated contested claims is scored against the four Judgment Quotient signals, giving point-in-time evidence of how analysts actually adjudicate.	Sampled, scored decisions; defensible at review	Deploy real-time workflow JQ calibration across all investigators.
4	Continuous judgment system Every contested-claim decision is continuously scored at the individual analyst level and timestamped, with reversal and Ombudsman-overturn tracking — an inspection-defensible record of decision quality.	Continuous, individual-level, timestamped, inspection-ready	Maintain automated audit logs for regulatory inspections.

EA

How to Assess Your Exposure in 30 Days

a diagnostic and audit roadmap

A structured, 30-day plan to quantify your bank's vulnerability, calibrate your teams, and establish the business case for ZenLearn.

30-DAY EXPOSURE ASSESSMENT: A SELF-DIRECTED DIAGNOSTIC

TIMELINE	KEY FOCUS AREA	OPERATIONAL STEPS & DELIVERABLES
Week 1	Diagnostic Gap Analysis	Answer the 10-question CRO self-diagnostic (Section SD) to locate process blind spots and map which of the four JQ signals your bank currently measures.
Week 2	Retrospective Decision Audit	Pull a sample of 500 past contested-claim decisions and score them against the four signals — Protocol Discipline, Risk Escalation, Pressure Resistance, Regulatory Awareness — to quantify investigator variance.
Week 3	Exposure Modelling	Model your bank's balance-sheet exposure under alternative reimbursement splits (including a 100% bank-funded scenario) using actual digital transaction volumes and the formula in the Cost of Inaction exhibit.
Week 4	Board-Ready Risk Register	Compile a Judgment Risk Map and exposure calculator into a board-ready risk register — the deliverable your board risk committee needs to assess the gap before the scheme's one-year review.

This diagnostic can be run internally with no external software or integration. The primary-source pack behind this report is available on request.

Source: ZenLearn Research

THE POINT

At day 30, the bank receives a full risk register, an exposure calculator, and a clear path to continuous calibration.

06 **Exhibit: The fraud-control stack is instrumented at every layer except adjudication**

Every layer of the bank's fraud tech stack is instrumented to detect anomalies, yet the final liability decision—which determines who pays—remains entirely unmeasured.

23 banks
MULE-DETECTION BENCHMARK (MULEHUNTER.AI, 17 DEC 2025)

Detection-only
THE ENTIRE VENDOR STACK ANSWERS 'IS IT SUSPICIOUS?'

Adjudication
NO REQUIREMENT, METRIC, BENCHMARK OR TOOLING

Consider the banking fraud-control stack. Upstream layers are heavily instrumented: Authentication (SCA/AFA) has clear regulatory mandates, and transaction monitoring, EWS, and fraud committees are governed by the RBI FRM Master Directions (15 July 2024).

Mule detection has emerging benchmarks like MuleHunter.ai (deployed across 23 banks), and investigation is process-tracked. This is supported by a robust vendor stack (NICE Actimize, FICO Falcon, Feedzai, Featurespace ARIC) designed to answer 'is this transaction suspicious?' in milliseconds.

However, the stack is detection-only. It does not decide who bears the loss on a contested claim. The final layer—liability adjudication—has no regulatory measurement requirement, no benchmark, and no vendor category. This structural gap is where the balance-sheet leak occurs, as uncalibrated human decisions are left to clear queues under clock pressure.

EXHIBIT: THE FRAUD CONTROL & ADJUDICATION STACK MEASUREMENT MATRIX

FRAUD-CONTROL LAYER	REGULATORY REQUIREMENT	MEASURED / BENCHMARKED?	WHO MEASURES IT
Authentication (SCA / AFA)	Yes	Yes — EBA-ECB quantifies SCA fraud reduction	Regulators, banks
Transaction monitoring	Yes (FRM 2024)	Yes — model metrics	Banks, vendors
Early Warning Signals	Yes (FRM 2024)	Yes — mandated review cycles	Banks, SCBMF
Mule detection	Yes (FRM / AML)	Emerging — MuleHunter.ai (23 banks)	RBIH, banks
Fraud investigation	Yes (FRM, SCBMF)	Partial — process-tracked	Banks
Liability-adjudication quality	No specific requirement	No — no metric, no benchmark	No one

Sources: EBA-ECB 2024 Report on Payment Fraud; RBI FRM Master Directions (15 July 2024); RBI Innovation Hub. Final row is the ZenLearn disclosure-gap finding, stated as unmeasured risk. · ZenLearn Research

EXHIBIT: EVOLUTION OF FRAUD GOVERNANCE AND THE SHIFTING CONTROL WEDGE

ERA	CONTROL FOCUS	KEY TECHNOLOGIES / FRAMEWORKS	THE CONTROL GAP
Authentication Era (2000s)	Identity validation at transaction entry	MFA / 2FA, OTP, chip-and-pin card rules	Assumes user holds full control; bypassed by social engineering
Detection Era (2010s)	Suspicious pattern identification	Real-time rule engines, anomaly scoring (FICO Falcon)	Flags suspicion only; cannot prevent authorized push payment (APP) scams
Governance Era (2020-2025)	Process monitoring & audit trails	RBI FRM EWS directions, Board fraud committees	Process-driven, not behavior-driven; measures lagging outputs
Reimbursement Era (2026+)	Liability-adjudication calibration	ZenLearn continuous decision instrumentation, 10-day clocks	The unmeasured final layer: investigator noise and balance-sheet leakage

As the regulatory regime shifts liability to the bank, the control wedge moves from transaction blocking to decision calibration.

Source: ZenLearn Research

THE POINT

Every fraud-control layer has measurement, governance, a benchmark and a vendor market except the final liability-adjudication decision — and this control-stack asymmetry is the central leak in the bank's fraud defense.

07 **Precedent Analysis: liability has shifted from the customer to the institution over 50 years**

Five decades of global payment regulation show a steady migration of liability from the consumer to the ecosystem. India's draft framework represents the latest step on this curve.

1978 → 2026

FROM US REG E TO INDIA'S DRAFT — ~50 YEARS OF LIABILITY SHIFT

\$50 → AUD 50m

FROM CAPPING A CUSTOMER'S LOSS TO PENALISING AN INSTITUTION'S BREACH

6 jurisdictions

US, EU, UK, SINGAPORE, AUSTRALIA, INDIA

The US Electronic Fund Transfer Act of 1978 and Regulation E established the first consumer liability caps (**\$50/\$500¹²**), barring negligence-based denials. The UK's PS24/7 (2024) mandated **50:50** split reimbursement up to **GBP 85,000**,⁶ while Singapore and Australia (2024–25) introduced severe corporate penalties (up to AUD 50m) for systemic failures.

Across all regimes, the focus has shifted from customer negligence to bank due diligence, making the bank's own adjudication decisions the primary gate for balance-sheet protection.

THE 50-YEAR EVOLUTION OF FRAUD LIABILITY — SIX JURISDICTIONS

YEAR	JURISDICTION	THE SHIFT	CAP / PENALTY
1978	United States (EFTA / Reg E)	Cap the customer's loss	\$50 / \$500¹² consumer-liability tiers
2018	EU (PSD2)	Mandate strong customer authentication	Authentication duty; fraud measurably lower
2024	United Kingdom (PS24/7)	Reimburse-by-default	GBP 85,000⁶ ; 50/50 sending + receiving bank
2024	Singapore (SRF)	Duties-based waterfall	Full loss on duty failure (bank -> telco)
2025	Australia (SPF Act)	Ecosystem obligations + penalties	Up to AUD 50m / 3x benefit / 30% turnover
2026	India (draft)	Subsidised reimbursement, shifting to banks	Rs 50k / comp Rs 25k ; RBI 65% / remitting bank 10% / beneficiary bank 10%

US/EU/UK/SG/AU rows are primary; India's mechanics are attributed pending the final directions. The arc runs from limiting customer liability to ecosystem accountability.

Source: ZenLearn Research

THE POINT

On a 50-year curve, India is not doing something novel — it is joining a global shift whose every prior step made the institution's own liability decision more consequential, and more exposed.

SB Scope Boundary

what this measures — and what it is not

This report measures the quality of the human adjudication of contested claims — not whether a transaction was suspicious in the first place.

TOOL / ENGINE	WHAT IT DOES	WHY THIS LAYER IS DISTINCT
Upstream detection (EWS, Actimize, FICO Falcon, Feedzai, Featurespace, RBI MuleHunter.ai)	Decide whether a transaction or account is suspicious before loss	Answers 'was it suspicious?'; ZenLearn measures the downstream liability decision, not the detection signal
Chargeback-decisioning tools (e.g. Justt)	Automate dispute representment and chargeback outcomes	ZenLearn measures the calibration, consistency and defensibility of the bank's own liability decision, not the chargeback result
RBI FRM Directions compliance (SCMFF, board governance, EWS)	Mandate upstream fraud governance and monitoring	The FRM Directions specify no requirement to measure the quality of the liability-adjudication decision itself — the node this report instruments
QA sampling and training programmes	Periodic knowledge testing and sample-based quality checks	Training scores and QA samples measure whether staff know the rules; ZenLearn measures whether individual decisions under pressure actually apply them — inter-reviewer variance is invisible to sampling
RB-IOs Ombudsman and legal teams	Resolve escalated disputes after the first-instance denial	Ombudsman complaints are a lagging outcome indicator; ZenLearn measures the quality of the first-instance decision before it escalates — the intervention point that reduces Ombudsman exposure

CI The Cost of Getting It Wrong

the financial impact, sized

~Rs 112 cr

LEG A BANK-BORNE POOL, BASE CASE (TODAY'S 20% TWO-LEG SHARE) — SYSTEM-WIDE; ~RS 37–295 CR LOW–HIGH

→ 85% basis

BANK SHARE RISES FROM 20% TOWARD THE FULL 85% AS RBI'S SUBSIDY IS WITHDRAWN — PER RBI PRESS RELEASE 2025-2026/2224, THE SCHEME IS REVIEWED AFTER ONE YEAR 'TO INCREASE THE BANKS' SHARE AND EVENTUALLY ELIMINATE THE CENTRAL BANK'S CONTRIBUTION'

+ Leg B

LITIGATION/REVERSAL COST PER WRONG DENIAL — REFUND + INTEREST + COMPENSATION, ADDITIVE TO THE POOL

We bound the bank-borne exposure in TWO legs and forecast neither. Leg A is the forward compensation pool the 2026 scheme creates; leg B is the current litigation cost of wrong denials overturned at forum. Because the scheme covers SMALL-VALUE claims, the pool is sized on the small-value subset (~65% of complaints), not the whole fraud line — the more defensible base.

LOSS DRIVER	THE NUMBER	WHAT MOVES IT
Leg A — compensation pool (base case)	~Rs 112 cr bank-borne (system-wide); ~Rs 17 cr per large bank (~15% volume)	Pool = eligible small-value claims × avg payout; bank-borne = today's 20% two-leg share × pool — the floor
Leg A — range (Low to High scenario)	~Rs 37 cr to ~Rs 295 cr bank-borne today	Pool ~Rs 187–1,474 cr across scenarios; up to ~4.25× as RBI's 65% subsidy leg is withdrawn toward the 85% basis
Leg B — litigation / reversal cost (additive)	Per matter: refund + interest (~9–12% p.a.) + compensation + cost	Each wrong denial overturned at Ombudsman or consumer forum adds this stack — on an undisclosed but rising reversal base; system total withheld
Trajectory — regulator's stated intent	20% → 85% basis	Scheme runs one year from 1 July 2026, then reviewed 'to increase the banks' share and eventually eliminate the central bank's contribution' — RBI Press Release 2025-2026/2224

Formula & Methodology

Leg A: pool = small-value eligible claims × avg payout; bank-borne = bank-system share × pool

- Small-value eligible = scenario-fraction × ~65% small-value × ~36 lakh NCRP/I4C complaints (2024)
- Bank-system share = 20% today (customer bank 10% + beneficiary bank 10%), rising to 85% as RBI's 65% leg is withdrawn
- Leg B: per-matter refund + interest + compensation + cost; the system total is WITHHELD because the reversal base rate is undisclosed

ASSUMPTIONS

- Scenario fractions (10/20/35% of small-value), payouts (Rs 8,000/12,000/18,000, all below the Rs 25,000¹ cap), and the ~15% per-bank volume share are stated, illustrative assumptions; no adjudication error rate or reversal base rate is invented
- The 20% two-leg split (customer bank 10% + beneficiary bank 10%) is per the RBI draft Amendment Directions 2026 (RBI Press Release 2025-2026/2224)

BB Board Briefing

lift-and-drop for the board pack

SITUATION

The official bank-fraud line (Rs 520 cr card/internet) counts only frauds over Rs 1 lakh; the universe the compensation scheme targets is the small-value cyber fraud reported to NCRP/I4C — Rs 22,845 cr in 2024, +206% YoY, ~36 lakh complaints.

Every fraud-control layer is measured, mandated or benchmarked except liability-adjudication quality; where comparable expert judgment has been measured it shows a median 55% noise (Kahneman et al., 2021).

Sized on the right denominator the bank-borne compensation pool is hundreds of crore system-wide and tens of crore for a large bank today — rising as the bank share does — not the few crore the high-value bank return implies.

IMPLICATION

The bank-borne exposure scales from a few crore today to tens of crore as volume grows and the subsidy tapers — and no function currently owns the measurement of the decision that drives it.

A board that cannot measure adjudication quality cannot manage it, defend it under natural justice, or prove it discharged its duties.

Question for management. Which function owns adjudication-decision quality, what is our reversal rate, and could we defend any single decision to an inspector tomorrow?

Recommended next step. Stand up a Judgment Risk Map: give the decision an owner, sample and score it against the four Judgment Quotient signals, and report the six leading indicators to the board from now until the scheme's one-year review.

WG What Good Looks Like

metrics, controls, governance, and benchmarks

To transform digital fraud adjudication from an administrative bottleneck into an inspection-defensible control function, banks must satisfy four distinct pillars of JQ capability.

Metrics & KPIs

Continuous tracking of leading indicators mapped to the decimal point to identify risk before losses occur:

- Reversal Rate: percentage of investigator decisions overturned during internal reviews
- Ombudsman Overturn Rate: percentage of customer denials reversed by the external regulator
- Investigator Variance: standard deviation of decision outcomes across investigators for identical scam scenarios
- Escalation Rate: percentage of ambiguous claims escalated to senior supervisors rather than decided on a guess

Workflow Controls

Workflow-injected alerts (Slack/Teams) that flag Protocol Discipline and Risk Escalation failures at the moment of decision.

Governance Mandate

Clear ownership assigned to the Board Risk Management Committee (BRMC) and Audit Committee. Requires a monthly board review of JQ metrics, a Quarterly Adjudication Quality Certificate signed by the CRO, maintaining an inspection-ready JQ log of all investigator decisions, and annual independent validation by Internal Audit.

Peer Benchmarking

Continuous comparison against peer bank decision logic to establish a calibrated, inspection-defensible baseline.

THE POINT

A bank cannot manage what it does not measure. Transitioning from generic training dashboards to continuous, individual JQ calibration is the approach this brief argues for, toward a regulatory-defensible audit trail.

CD The CRO Dashboard

quarterly metrics for the adjudication layer

CROs must monitor leading metrics of human judgment quality to catch operational exposure before it results in balance-sheet losses.

QUARTERLY SCORECARD: LEADING INDICATORS FOR THE ADJUDICATION LAYER

KRI / METRIC	CURRENT STATE	ILLUSTRATIVE TARGET BOUND	SEVERITY	OPERATIONAL FOCUS
Reversal Rate	Not measured by any bank (the disclosure gap)	< 5.0%	High	Percentage of investigator decisions overturned during internal supervisory reviews.
Ombudsman Overturn Rate	Not publicly disclosed (national rate undisclosed)	< 2.0% ²⁷	Critical	Percentage of customer denials reversed by the external regulator.
Investigator Variance	Unknown for banking; 55% median in analogous expert judgment (Noise, 2021)	< 10.0%	High	Standard deviation of decision outcomes across investigators for identical scam scenarios.
Escalation Rate	Not tracked (no bank reports this metric)	15.0% - 20.0%	Medium	Percentage of ambiguous claims escalated to senior supervisors rather than decided on a guess.
Cycle Time	Unknown (10-day and 90-day regulatory clocks apply)	< 3 days / < 30 days	Critical	Average adjudication speed tracked against the 10-day shadow reversal and 90-day final clocks.

Current-state entries reflect the confirmed disclosure gap: we found no public benchmark, disclosure framework, or supervisory metric for these adjudication-quality metrics. Target bounds are ZenLearn's illustrative benchmarks for a calibrated adjudication function — not industry averages. The **55%** figure is from insurance underwriting (Kahneman, Sibony & Sunstein, 'Noise', 2021), cited as the closest measured analogue to expert liability adjudication. Investigator Variance indexes consistency under pressure (Pressure Resistance), which this brief treats as a HYPOTHESIS inferred from operational-risk dynamics — not yet a measured bank metric — so that target bound is directional, pending direct measurement.

Source: ZenLearn Research

THE POINT

Lagging loss reports hide the noise. Tracking these five leading metrics on the CRO scorecard is how a bank detects operational drift before an audit.

CL Closing

India is building a reimbursement economy, and the first thing to get right is the size and the proof. The official bank-fraud return counts only frauds over **Rs 1 lakh**, so its **Rs 520 crore**¹⁷ card/internet line cannot see the small-value fraud the scheme is built for; the real universe, reported to NCRP and I4C, was **Rs 22,845 crore**³⁴ in 2024, up **206%**³⁴.

That is the number a new law is written for.

First, this is a 50-year global shift, not an Indian novelty: liability has moved from capping the customer's loss (US Reg E, 1978) to holding the ecosystem accountable (UK, Singapore, Australia), and India's 2026 draft is the latest step. Second, the problem is not hypothetical — Indian courts are already overturning banks' denials, and where comparable judgment has been measured it shows a median **55%** noise (Kahneman et al., 2021).

Third, every contested claim still resolves into one bank-owned decision that the entire fraud-control stack leaves unmeasured.

The honest position is not that adjudication quality is poor today — no one has a systematic measure. The honest position is that it is the last unmeasured layer in an otherwise instrumented chain, sitting on a fast-growing, correctly-sized universe of small-value claims, already being adjudicated against banks in court, on the eve of being priced under whichever model India chooses.

The window to instrument it — to score the four Judgment Quotient signals before liability attaches — is the gap between the draft and the review.

RS Research Series

This brief is part of ZenLearn Research's structured stream on judgment risk in Indian regulated financial institutions. Briefs are listed in expected order of release.

01 THIS BRIEF · CYBERSECURITY · FINANCIAL COMPLIANCE

Judgment Under the Clock: Decision quality in contested digital-fraud claims

The present brief. Sizes the small-value reimbursement exposure, codes the consumer-court reversal taxonomy, and maps the unmeasured liability-adjudication layer against the RBI 2026 compensation draft.

02 PUBLISHED · FINANCIAL COMPLIANCE

FY25 RBI Enforcement Analysis: Patterns across 353 penalised entities

Quantitative analysis of Rs 54.78 cr in FY25 RBI penalties — breakdown by entity type, the NBFCs barred from new lending, and the FY25 CoR cancellations.

03 PUBLISHED · FINANCIAL COMPLIANCE

Building Judgment-Ready Credit Teams: Credit-officer judgment failures in India's NBFCs

Maps ten recurring credit-officer judgment errors to RBI enforcement actions, FSR observations and credit-bureau data, against time-bound forcing functions.

04 WORKING PAPER · CORPORATE GOVERNANCE

The Judgment Quotient (JQ) Framework: Measuring decision quality in regulated institutions

Academic working paper, co-authored with faculty at IIM Mumbai, in preparation for a peer-reviewed banking-regulation journal.

05 FORTHCOMING · CYBERSECURITY

Frontline Digital Fraud Triage

How first-line analysts triage suspected-fraud alerts under the clock — where escalation discipline breaks, and what a measured, defensible triage decision looks like.

06 FORTHCOMING · FINANCIAL COMPLIANCE

Credit-Underwriting Safeguards

Judgment risk in the underwriting decision — exception approvals, override discipline, and the safeguards that survive an inspection.

07 FORTHCOMING · CORPORATE GOVERNANCE

Board Adjudication Governance

What a board should see about the quality of contested-claim and fraud-classification decisions — the governance layer above the adjudication file.

08 FORTHCOMING · FINANCIAL COMPLIANCE

Collections-Conduct Resilience

Decision quality and conduct risk in collections — where commercial pressure erodes protocol discipline, and how to evidence fair-practice adherence.

09 FORTHCOMING · CORPORATE GOVERNANCE

Committee Inspection Readiness

Making the Special Committee for Fraud and the Audit Committee inspection-ready — the decision-quality evidence an RBSA inspector actually asks for.

10 FORTHCOMING · CYBERSECURITY

Silent Risk Absorption

The losses banks quietly absorb rather than adjudicate — sizing the unmeasured write-off and the decisions behind it.

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About ZenLearn



ZenLearn is an enterprise decision-risk platform measuring employee judgment quality through scenario-based simulations.

The platform produces a Judgment Quotient score and a Decision Risk Report for BFSI institutions, built for CROs and CHROs at banks, NBFCs and co-operative banks. The construct is in development as an academic paper with co-authors at IIM Mumbai.

Instrumentation is delivered inside Microsoft Teams (Adaptive Cards) or Slack (Block Kit) — no new application, no LMS login, no training calendar. A scenario card surfaces inside the channel the employee is already in. Response time per scenario is under ninety seconds. The output is a timestamped, signal-attributed, tamper-evident artefact defensible to an RBSA inspector and to the Audit Committee.

Delivery evidence. ZenLearn's judgment-measurement construct has been delivered in production: a DRA certification pilot with a Blackstone-backed ARC cohort recorded an 80–90% pass rate and a 4.6/5 participant NPS.

To go further. To commission a Judgment Risk Map pilot on a sample of your contested-claims adjudications, or to request the underlying primary-source pack behind this report, write to rohit@zenlearn.ai. A personalised response is sent within 24 hours.

Prepared by **Rohit Kumar · ZenLearn Research**

Founder, ZenLearn Research · IIM Mumbai · Former Head of Business, Eko India

ex-CFO: Blackstone IARC, Pristyn Care, GE A&C SE Asia · Engine development, Tata Nano programme

Window: Cyber-fraud universe: NCRP/I4C calendar 2024; RBI bank data FY2024-25; global regimes as of June 2026; as-of 19 June 2026. Sources: RBI Report on Trend and Progress of Banking in India 2024-25; RBI Master Circular on Frauds — Classification and Reporting (Rs 1 lakh FMR-1 threshold); Govt of India replies to Lok Sabha citing NCRP / CFCFRMS / I4C (cyber-fraud losses 2024); RBI Annual Report 2024-25 (multi-year fraud-category table).

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