PERCEPTION OF EMPLOYEES TOWARDS FORENSIC ACCOUNTING IN PUBLIC AND PRIVATE SECTOR BANKS IN INDIA

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Abstract: **The growing complexity of financial frauds in the Indian banking sector has heightened the relevance of forensic accounting as an effective fraud detection and prevention mechanism. This study investigates the perception of employees towards forensic accounting in public and private sector banks in India, with particular emphasis on awareness, perceived effectiveness, organizational support, and implementation challenges. The study underscores the need for institutionalized forensic accounting frameworks, targeted employee training, and stronger managerial and regulatory support to enhance fraud risk management in Indian banks.**

Keywords: **Forensic Accounting, Bank Fraud, Employee Perception, Public Sector Banks, Private Sector Banks.**

I. INTRODUCTION

The banking sector plays a pivotal role in the economic development of a country by facilitating financial intermediation, promoting investment, and ensuring the smooth functioning of the financial system. In India, the banking industry has undergone significant transformation due to rapid digitization, increased financial inclusion, and the expansion of technology-driven banking services. While these developments have enhanced operational efficiency, they have also increased the complexity and sophistication of financial frauds, posing serious challenges to banks in maintaining transparency, accountability, and financial stability. In recent years, Indian banks have witnessed a surge in high-value frauds, cyber-enabled financial crimes, and rising non-performing assets, underscoring the limitations of traditional auditing and control mechanisms. Conventional audit techniques, which are largely compliance-oriented and periodic in nature, are often inadequate for detecting complex and technology-driven frauds at an early stage. In this context, forensic accounting has emerged as a specialized field that integrates accounting, auditing, investigative skills, and legal knowledge to identify, analyze, and prevent financial irregularities.

Despite the growing relevance of forensic accounting in the banking sector, its adoption and effectiveness largely depend on organizational readiness and the perception of key stakeholders, particularly bank employees. Employees play a crucial role in the successful implementation of forensic accounting practices, as they are directly involved in financial operations, compliance processes, and fraud risk management. Their awareness, acceptance, and perceived usefulness of forensic accounting significantly influence its practical application within banking institutions.

However, existing studies on forensic accounting have primarily focused on its conceptual framework, technical tools, or the perspectives of auditors and regulators, with limited empirical evidence on employees' perceptions, especially in emerging economies like India. Furthermore, the Indian banking sector is characterized by structural and operational differences between public sector and private sector banks, particularly in terms of governance, technology adoption, human resource practices, and risk management frameworks. These differences may lead to variations in employees' awareness, attitudes, and perceived effectiveness of forensic accounting practices. However, empirical studies comparing the perception of employees towards forensic accounting across public and private sector banks in India remain scarce.

Against this backdrop, the present study seeks to examine the perception of employees towards forensic accounting in public and private sector banks in India, with a focus on awareness, perceived need, effectiveness, management support, and implementation challenges. By providing empirical evidence based on primary data, the study aims to bridge an important research gap and offer insights for bank management, policymakers, and regulators in strengthening forensic accounting frameworks to enhance fraud prevention and financial governance in the Indian banking system.

Balyan and Shah (2024)[1] explore the importance of forensic accounting in the Indian banking sector, particularly as a tool to detect and prevent financial fraud. The paper highlights that Indian banks face significant risks due to complex financial operations and rising incidents of fraud, underscoring the need for forensic accounting expertise. Jamal and Singh (2025)[2] investigate the role of forensic accounting in protecting the integrity of the Indian banking system, focusing on how forensic accounting practices help mitigate fraud, enhance transparency, and strengthen governance. Odeyemi et al. (2024)[3] provide a comprehensive review of contemporary forensic accounting techniques used for fraud detection, with a special emphasis on digital tools and technologies that are reshaping the discipline.

II. OBJECTIVES OF THE STUDY

The objectives of this research are as follows.

1. To examine the perception of bank employees towards forensic accounting practices in public and private sector banks in India.

2. To examine the perceived need for forensic accounting in fraud detection and prevention in banks.

III. RESEARCH METHODOLOGY

The research methodology associated with this study is as follows:

1. Primary Data: This research paper is based on primary data and it was collected from bank employees by using structured questionnaire. Secondary data associated with the theoretical aspects were being collected form published articles, journals and relevant text books.

2. Sample: The sample size selected is 50 and the geographical area associated with the sampling is Thrissur District of Kerala. The sampling technique adopted is random sampling.

3. Period of Study: The research is conducted during October 2025 to December 2025.

4. Tools of Analysis: Descriptive statistics considering the mean and standard deviation along with range are applied. Weighted mean scores are also estimated. Figures are used to represent data.

IV. RESULTS AND DISCUSSION

The following part deals with the analysis and interpretation of data.

TABLE 1. Response Details with Weightage Factor

Sl. No.	Measuring Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Forensic accounting should be mandatory in banks	15	14	5	9	7	50
2	Forensic accounting reduces financial crimes in banks	18	14	6	6	6	50
3	Training employees in forensic accounting is necessary	17	15	5	8	5	50
4	Forensic accounting will play a major role in future banking	21	20	3	4	2	50
5	Lack of skilled forensic professionals is a major challenge	24	20	2	2	2	50
6	Top management supports forensic accounting practices	22	13	6	4	5	50
7	Forensic accounting helps in early detection of fraud	23	16	2	5	4	50

8	Forensic accounting strengthens internal control systems	24	17	2	4	3	50
9	Employees understand the role of forensic accounting in banks	7	10	9	10	14	50
10	Forensic accounting is essential to detect bank fraud	14	12	10	8	6	50
Weightage Factor		5	4	3	2	1	15

Source: Computed from Primary Data

TABLE 2. Weighted Values of Responses

Sl. No.	Measuring Items	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
1	Forensic accounting should be mandatory in banks	75	56	15	18	7	171
2	Forensic accounting reduces financial crimes in banks	90	56	18	12	6	182
3	Training employees in forensic accounting is necessary	85	60	15	16	5	181
4	Forensic accounting will play a major role in future banking	105	80	9	8	2	204
5	Lack of skilled forensic professionals is a major challenge	120	80	6	4	2	212
6	Top management supports forensic accounting practices	110	52	18	8	5	193
7	Forensic accounting helps in early detection of fraud	115	64	6	10	4	199
8	Forensic accounting strengthens internal control systems	120	68	6	8	3	205
9	Employees understand the role of forensic accounting in banks	35	40	27	20	14	136
10	Forensic accounting is essential to detect bank fraud	70	48	30	16	6	170

Source: Computed from Primary Data

TABLE 3. Descriptive Statistics

Sl. No.	Measuring Items	Mean	SD
1	Forensic accounting should be mandatory in banks	3.42	29.63
2	Forensic accounting reduces financial crimes in banks	3.64	35.76
3	Training employees in forensic accounting is necessary	3.62	34.56
4	Forensic accounting will play a major role in future banking	4.08	48.09
5	Lack of skilled forensic professionals is a major challenge	4.24	54.47
6	Top management supports forensic accounting practices	3.86	44.07
7	Forensic accounting helps in early detection of fraud	3.98	48.87
8	Forensic accounting strengthens internal control systems	4.10	51.79
9	Employees understand the role of forensic accounting in banks	2.72	10.62
10	Forensic accounting is essential to detect bank fraud	3.40	25.57
Mean Score		3.71	38.34

Source: Computed from Primary Data

The mean and standard deviation on the perception of employees towards forensic accounting in public and private sector banks in India. The total mean score and standard deviation of the financial satisfaction is 3.71 and 38.34 respectively. From the total mean score it is identified that the employees "Agree" with the aspect of forensic accounting in public and private sector banks in India.
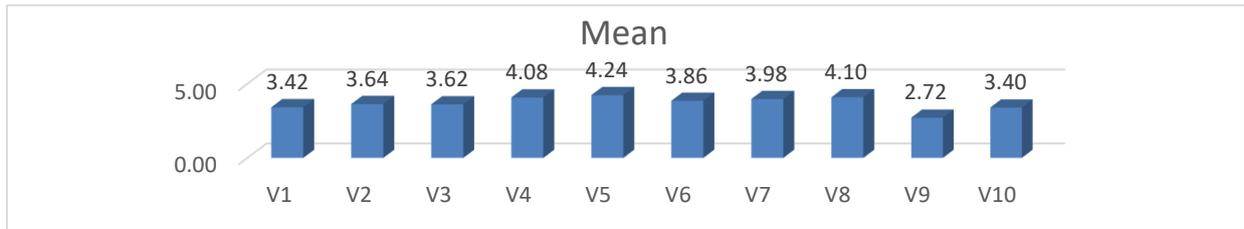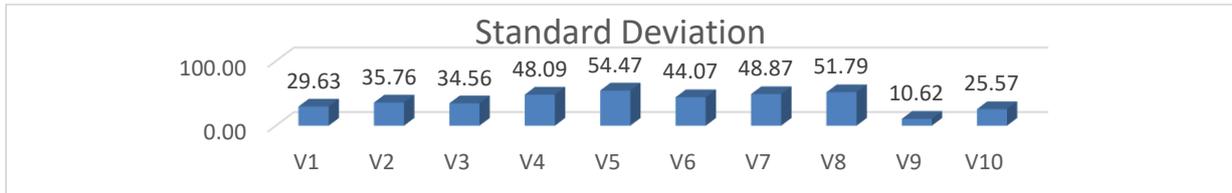
Fig. 1. Mean of Measuring Items

Fig. 2. Standard Deviation of Measuring Items

Table 4. Interpretation

Sl. No.	Measuring Items of Social Satisfaction	Comment
1	Forensic accounting should be mandatory in banks	Agree
2	Forensic accounting reduces financial crimes in banks	Agree
3	Training employees in forensic accounting is necessary	Agree
4	Forensic accounting will play a major role in future banking	Strongly Agree
5	Lack of skilled forensic professionals is a major challenge	Strongly Agree
6	Top management supports forensic accounting practices	Agree
7	Forensic accounting helps in early detection of fraud	Agree
8	Forensic accounting strengthens internal control systems	Strongly Agree
9	Employees understand the role of forensic accounting in banks	Neutral
10	Forensic accounting is essential to detect bank fraud	Agree

Source: Computed from Primary Data

Table 5. Interpretation of Range in Mean

Dimension	Least Mean Score	Highest Mean Score
Perception of Employees	Employees understand the role of forensic accounting in banks	Lack of skilled forensic professionals is a major challenge

Source: Computed from Primary Data

Table 6. Interpretation of Range in Standard Deviation

Dimension	Least Variance	Highest Variance
Perception of Employees	Employees understand the role of forensic accounting in banks	Lack of skilled forensic professionals is a major challenge

Source: Computed from Primary Data

The overall mean score of 3.71 indicates a generally positive perception towards forensic accounting among bank employees, suggesting moderate to high agreement with its relevance and usefulness in the banking sector. The relatively high SD values for several items indicate variability in perceptions, possibly due to differences in employees' experience, job roles, training exposure, and type of bank (public vs. private). Bank employees exhibit a favourable attitude towards forensic accounting, particularly regarding its future role, fraud detection capability, and contribution to internal controls. Skill shortages and inadequate employee understanding emerge as major concerns, emphasizing the need for structured training programmes and awareness initiatives. Support from top management exists, which provides a strong foundation for

expanding forensic accounting practices in banks. Regulatory authorities such as the RBI may consider issuing clearer guidelines or frameworks to encourage or mandate the use of forensic accounting in banks, particularly for fraud-prone and high-value transactions. Banks should introduce regular training programmes, workshops, and certification courses in forensic accounting for employees at different levels to bridge the identified knowledge and skill gaps. Awareness campaigns, internal seminars, and practical case-based learning should be conducted to improve employees' understanding of the role and importance of forensic accounting in fraud prevention and detection. Forensic accounting tools and techniques should be embedded within existing internal control and audit systems to strengthen governance, risk management, and compliance mechanisms.

V. CONCLUSION

Bank employees generally hold a positive perception towards forensic accounting and recognize its growing importance in the banking sector. Employees largely acknowledge that forensic accounting contributes to the early detection and reduction of financial crimes. The lack of skilled forensic professionals and the limited understanding of forensic accounting among employees emerge as major concerns. Variations in perceptions further indicate differences in exposure, training, and organizational practices across banks. Forensic accounting techniques enable banks to proactively detect fraud, strengthen internal controls, and support legal proceedings against financial misconduct. Forensic accounting has emerged as a specialized field that integrates accounting, auditing, investigative skills, and legal knowledge to identify, analyze, and prevent financial irregularities. Indian banking sector is characterized by structural and operational differences between public sector and private sector banks. While forensic accounting is perceived as an essential and forward-looking tool for combating bank fraud and enhancing governance, its successful adoption depends on systematic training, awareness creation, skill development, and strong managerial and regulatory support.

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