



KAMARAJ IAS ACADEMY
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MuleHunter.AI Initiative by RBI

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Context:

The **Reserve Bank of India (RBI)** has launched the **MuleHunter.AI** initiative to combat financial fraud by targeting **mule accounts**. These accounts are used to facilitate illegal activities, including the laundering of illicit funds. The RBI has asked banks to collaborate with this initiative to identify and eliminate mule accounts efficiently.

About MuleHunter.AI

- **Artificial Intelligence/Machine Learning-based Model:** Developed by the **Reserve Bank Innovation Hub (RBIH)**, a subsidiary of the RBI, MuleHunter.AI leverages AI and ML to detect mule bank accounts.
- **Pilot Results:** The model has undergone a pilot with two large public sector banks, yielding encouraging results in detecting fraudulent activities.

Advantages of MuleHunter.AI

1. **Identification of Mule Accounts:** The system analyzes transaction patterns to track mule accounts, which are often used to facilitate fraud.
2. **Real-time Monitoring:** MuleHunter.AI enables real-time transaction monitoring, allowing prompt identification of suspicious activities and preventing further fraud.
3. **Advanced Data Analytics:** Using ML algorithms, it processes large volumes of transaction data to recognize patterns associated with financial fraud.
4. **Collaboration Among Institutions:** It encourages sharing information between banks, payment service providers, and law enforcement agencies, fostering a unified defense against fraud.
5. **Regulatory Compliance:** The system helps financial institutions comply with **anti-money laundering (AML)** and **combating the financing of terrorism (CFT)** regulations, strengthening the financial system's integrity.

What is a Mule Bank Account?

- A **mule bank account** is an account used by criminals to conduct illegal activities, such as laundering stolen or illicit funds. These accounts are typically purchased from individuals with low income or limited technical literacy.
- The individuals who unknowingly allow their accounts to be used for laundering are known as **money mules**. These victims often face police investigations since their accounts are involved in the criminal activities, while the actual criminals remain undetected.

MuleHunter.AI represents a proactive and technologically advanced approach to combating financial fraud, enhancing the security of the banking and financial sectors.

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