

A decorative graphic at the top of the slide consists of several colored squares (teal, green, blue, cyan) arranged in a stepped pattern above a long horizontal line with a blue border.

Does Finance have anything to do with “National Security”?

A decorative graphic below the text consists of three small colored squares (blue, teal, cyan) arranged horizontally on a thin blue line.

ram kumar kakani

Fragile States Index

- A state whose *Government* and *National Security* are so weak or ineffective that it has little practical control over much of its territory; non-provision of public services; wide corruption and criminality; refugees and involuntary movement of populations; sharp economic decline; ...
- 12 Factors to determine rating include: Severe economic decline; Delegitimization of the state; Deterioration of public services; Uneven economic development along group lines; Chronic and sustained human flight; Rise of factionalized elites; and such ...
- Factors having Direct and/or Indirect links with Financial Security

A decorative graphic at the top of the slide consists of a horizontal bar with a blue outline. Above the bar, there are several colored squares: a teal square, a green square, and a cyan square. Below the bar, there is a cyan square. The background is a solid red color.

What is FRAUD?



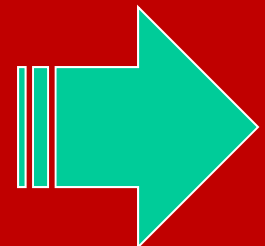
On FRAUD

- Every Nation is vulnerable to Fraud, and *decision makers* must know how to detect it, or how to suspect it
- FRAUD: Misrepresentation that an individual or an entity makes knowing that the misrepresentation could result in some unauthorized benefit ...
- Three Factors are typically present in a FRAUD:
 - Rationalization
 - *Opportunity* ~ lack of organizational controls & security
 - *Pressure* ~ often tied to *WEALTH targets* or *rent seeking opportunities* or *compensation-under incentive plans*

A decorative graphic at the top of the slide consists of a horizontal line with several colored squares (teal, green, blue, cyan) placed above and below it. The squares are arranged in a staggered pattern, with some overlapping the line and others floating above or below it.

What is FRAUD?





Financial Security Issues

Systemic
Issues

Corporate
Fraud

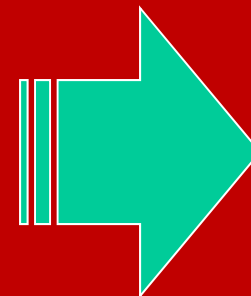
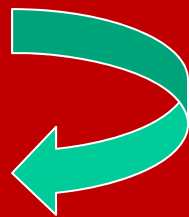
Fraud in
Banks

Insurance
Fraud

Securities
Fraud

Systemic Risks ...

- 1992 Harshad Mehta Scam
- 2000-01 Ketan Parekh Scam (& ICE Bubble Burst)
- 2008 Global Crisis led by US Banks and Mortgages Markets (esp. Lehmann Brothers Collapse)
- ... 2016-17?



The overriding theme is fraud by some ... makes it expensive for the entire system to productively deploy the assets.

This is the problem in a capital starved economy.