

# GOVERNANCE



## **Governance Is Not Old-Fashioned — It Is the Only Thing Standing Between You and Fraud**

From crypto founders in New York... To relationship managers in Kota... From global IT giants to public sector banks...

The pattern is the same.

Technology changes. Products change. Platforms change.  
But governance failures look strikingly similar.

And the lesson is brutally simple:

***You cannot innovate your way out of basic controls.***

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### **From SafeMoon to Satyam — Different Eras, Same Failure**

The former CEO of SafeMoon was sentenced to over eight years in prison for diverting investor funds from what was marketed as a “locked” liquidity pool.

What failed?

- Transparency.
- Disclosure integrity.
- Access controls.
- Oversight over who could touch investor money.

Now rewind to 2009.

Satyam inflated revenues, created fictitious cash balances, forged confirmations, and rode a lie until it collapsed.

Different industry. Different scale. Same fundamentals.

What failed?

- Independent verification.
- Auditor scepticism.
- Board depth.
- Ethical leadership.

Between the two sits the PNB SWIFT fraud — not crypto, not accounting manipulation — but a basic operational bypass.

SWIFT messages were not integrated with the core banking system.  
One system talked. The other did not listen.

And when systems do not talk, fraud speaks.

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### **The ICICI Relationship Manager Case — The Simplest Form of Governance Failure**

A relationship manager allegedly siphoned off ₹4.58 crore from customer accounts.

No complex derivatives.  
No blockchain.  
No offshore structuring.

Just:

- Privileged system access.
- Broken FDs.
- Changed mobile numbers.
- Lack of early detection.

The most basic control — **maker and checker** — either failed or was circumvented.

Technology sophistication means nothing if foundational controls are weak.

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### **The Myth of “New Age Risk”**

There is a dangerous belief that:

- Crypto risk is different.
- Digital fraud is different.
- AI governance is different.
- Fintech speed justifies lighter controls.

It doesn't.

Fraud always enters through:

- Weak segregation of duties.
- Misleading disclosures.
- Overconcentration of authority.
- Complacent boards.
- Control overrides that go unquestioned.

The medium changes.

Human behaviour does not.

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### **Governance Is Depth, Not Documentation**

Modern governance is not about:

- Policies sitting in folders.
- Risk registers copied forward.
- Annual compliance certificates.
- Cosmetic independent directors.

It is about **depth**.

Depth means:

- Boards understanding how liquidity pools actually function.
- Audit committees asking how SWIFT integrates with CBS — not assuming it does.
- Management mapping who has admin access — and why.
- Compliance testing the reality behind disclosures.

Governance today requires:

- Technological literacy.
  - Behavioural scepticism.
  - Continuous oversight.
  - And the courage to challenge growth narratives.
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## **One Leeway — And Fraud Happens**

Every major fraud had one “small” opening:

- A liquidity pool that wasn’t truly locked.
- A SWIFT channel not reconciled daily.
- A forged bank confirmation not independently verified.
- A mobile number changed without secondary authentication.

No one plans to run a fraud that collapses a company.

But when basic controls are diluted —  
when growth outruns oversight —  
when trust replaces verification —

fraud does not knock.  
It walks in.

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## **The Rule That Never Gets Old**

There is one principle that transcends crypto, banking, IT, and fintech:

### **Maker and Checker.**

Add to that:

- Transparent disclosures.
- Independent verification.
- Audit trail integrity.
- Segregation of duties.
- Real-time monitoring.

You cannot do away with these in the name of agility.

Speed without control is not innovation.  
It is acceleration toward risk.

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## **What Boards Must Internalise**

1. Governance is not a compliance function. It is a strategic defence.
2. Technology increases scale of fraud — not reduces it.
3. Digital opacity can hide misconduct longer than manual systems.
4. Reputation damage is faster and more global than ever.
5. Criminal liability for executives is no longer theoretical.

From SafeMoon to Satyam, from SWIFT to stock trading F&O misuse — the lesson is clear:

Good governance is not optional infrastructure.  
It is survival architecture.

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### **The Real Debate**

If your growth depends on controls being relaxed, is it growth — or deferred risk?

If your board cannot explain how money moves through your systems, should it be approving expansion?

And if governance feels like a drag on speed, perhaps speed is the wrong metric.

Because in finance, trust compounds slowly — and collapses instantly.

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