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"I need loyalty, I expect loyalty," Donald Trump allegedly told Federal Bureau Investigation (FBI) director (now fired) James Comey seven days after he took over as the 45th President of the United States.



In his gripping memoir, *A Higher Loyalty: Truth, Lies, and Leadership*, Comey narrates his personal interactions with Trump as nothing short of the president's crude eagerness and tacit pressure to secure unflinching loyalty like a mafia boss - "lying about things large and small, a service to some warped code of loyalty built with the us-versus-them world view".

If one holds Comey's memoir on the crimes of mafia organisations like a mirror against the banking industry in India, the reflections are startling. The entrenched corruption and nepotism in the Indian banking sector so closely resembles the pathological mafia behaviour outlined in the book

that many of the incidents mentioned could serve as anecdotal evidence of an Indian banking mafia.

The tragedy for the Indian economy becomes even more profound when we consider that unlike most of their counterparts in western countries, Indian companies get into bigger trouble when top down corruption becomes rampant under the watch of dormant and non-participating boards.

The banks in India are also typical of what physicist Leonard Mlodinow says in *Elastic: Flexible Thinking in a Time of Change*, "The more hierarchical a company is, the more it's an innovation killer."

One defining characteristic of hierarchical companies is the inbuilt process that facilitates blatant corruption and nepotism where honest employees are kept busy and forced to spend their entire time and energy on untangling snafu.

In the interconnected banking network, fraudulent action by any one bank goes on to impact all others connected to it as we found out in the [Nirav Modi loot](#) of the Punjab National Bank. The sources of mafia-type corruption as narrated by Comey in his memoir are money and power.

Thanks to the vibrant Indian democracy, the abuse of power, emanating from the political system is at least reported - if not completely stopped - and alleged criminals are brought to justice more frequently than before.

However, when it comes to corruption originating from banks, the story takes a different turn. Media seems eager to play second fiddle to the mafia bosses of banking companies by not asking the tough questions that it should and going on to advertise bank revenues that sustain the media. Mind you, even for Facebook more than 90 per cent of its \$40 billion revenue comes from advertising and promotions.

These banks are responsible for nipping in the bud a number of innovative start-ups while they channel billions of dollars towards non-performing companies, companies only existing on papers and [into the coffers of the family members of banking bosses](#).

Comey, despite having the security of a 10-year employment contract, had to put up a spirited fight to safeguard the integrity and independence of the FBI, his loyalty to "truth and American people". He paid the ultimate price by getting sacked.

His moral courage to stand up against Trump and his cohorts, who now run the administration, was drawn in part from his insights and knowledge about how the mafia works. As a US government attorney, he was credited with prosecuting several notorious mafia gangs in New York in the 1980s.

He has a firm grip on the psyche of mafia organisation, which is evident when Comey quotes the notorious mafia boss Joseph Bonanno, "Friendship, connections, family ties, trust, loyalty, obedience - this was the glue that held us together."

Comey's definition of what constitutes a mafia organisation is thought-provoking and goes to the heart of the problems facing the current American socio-political theatre of action. And Bonanno's words could well fit into the chargesheet against any of the banks under investigation in India.

What is scary is that not a single board member or chief executive of any of the banks embroiled in the now-proven corruption and swindling of millions of dollars has stepped aside or been sacked. It is a close-knit family, and Comey is right - "Mafia was all about loyalty, and you left it when you left this earth by natural cause or otherwise. Only rats leave Mafia alive."

The banking sector is India's single-biggest source of corruption running the black money market. The state of affairs exists because the banks collectively handle most of the liquid cash before it is passed through the corrupted value chain and metamorphoses into unaccounted cash, liquid or immovable property.

Corrupt practices of public sector employees are at least reported and are under the vigil of anti-corruption watchdogs like the Lokayukta. But what about corruption emanating from the private banks and partially privatised banks?

There is a false notion that corruption in public banks does not involve public money and if the beneficiary of this graft is not a public servant or a politician, the banks' boards will take note and fix the problem.

This is where Comey's book holds greater relevance for India. This mafia style functioning allows banks to reward the corrupt with bonuses, ensure prolonged employment to board members and CEOs even if they are accused of swindling billions of rupees fraudulently by misusing their offices.

Recently the Australian government set up a royal commission - similar to India's judicial inquiry - to investigate the country's banking and financial scam under which customers were charged certain fees fraudulently.

As soon as the royal commission heard that AMP Financial Services employees lied to the corporate watchdog Australian Securities and Investment Commission to cover up its practice of charging fees for advice that was never given, the chief executive officer took responsibility and stepped down.

Compare this with what happens in India. All banking frauds are attributed to either junior or retired employees, while the big fish are allowed to go scot-free. The closely-knit board and the CEO feign complete ignorance about the subject - classic mafia behaviour.

It is now proven that several Indian banks colluded with a number of corporate thugs and siphoned off huge sums of money from the country at the expense of budding entrepreneurs and innovators, who are struggling to start new businesses because of a paucity of funds.

It is high time the Indian government set up an independent judicial commission to investigate the fraudulent practices rampant in the banking and financial sector. This commission should be mandated to probe cases at the level of the CEOs and board members.

The government must empower the Reserve Bank of India to better scrutinise both the banking and Non-Banking Financial Company (NBFC) operations in the country.

To make this happen, the government and other stakeholders should agree on one basic principle - the board and the CEO are collectively responsible for everything that happens in any banking or NBFC.

A clean-up of the banking sector would provide a huge fillip to India's fledgling economy, which has taken a huge hit from the ever-growing problem of non-performing assets.

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