

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4791

ANSWERED ON:23.04.2010

FRAUDULENT WITHDRAWAL OF MONEY

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Will the Minister of FINANCE be pleased to state:

- (a) whether incidents of fraudulent withdrawal of money through the internet banking system/ robbery from ATM and theft of ATM machines were reported from various parts of the country;
- (b) if so, the details of such incidents reported during the last three years, bank-wise alongwith the losses incurred to banks as a result thereof, bank-wise;
- (c) whether the customers have been compensated for the losses incurred due to the fraudulent withdrawal of money;
- (d) if so, the details thereof, bank-wise; and
- (e) the corrective measures taken by the Government to check such cases including the setting up of a complaint redressal mechanism in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): Reserve Bank of India (RBI) has reported that the incidents of fraudulent withdrawal of money through internet Banking system/robbery/theft from ATM machines are reported to them by banks as and when it occurs.
- (b): The details of incidents of fraudulent withdrawal of money/robbery from ATM reported during the last three years is as per statement enclosed.
- (c)&(d): The Banking Ombudsman Scheme was introduced in India in 1995 to redress the grievances of customers regarding deficiencies in the banking services offered by banks. The scheme was amended on February 3, 2009 to incorporate deficiency in internet banking service as a ground of complaints. All the complaints were redressed as per the provisions of Banking Ombudsman Scheme 2006.
- (e): RBI has taken the following measures to strengthen security arrangements of bank branches to check internet frauds;
 - (i) The Fraud Monitoring Cell (DBS) has issued a circular `Security Arrangements for ATMs of bank` (Circular dated February 22, 2006) and on `Skimming of ATM/Credit Cards` (Circular dated June 26,2006).
 - (ii) RBI has issued circulars to banks on security arrangements from time to time advising them to be more vigilant, tighten up security arrangements and take preventive action against robberies/dacoities in their branches.
 - (iii) The various aspects of internet banking frauds are looked into closely during RBI inspections where large number of internet frauds are reported to ascertain the IT security issues, if any which could be facilitating such frauds.
 - (iv) RBI had issued guidelines on internet banking to all commercial banks vide circular dated June 14, 2001 covering technology and security standards, legal issues and regulatory / supervisory issues with regard to internet banking in India.
 - (v) RBI has also issued guidelines to report the fraud cases to investigative agencies like State police/CBI. RBI also ensures that the banks report the case to these agencies and follow up the cases vigorously till its logical end.