

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:124

ANSWERED ON:04.03.2011

ATM FRAUDS QUESTION

Nagorao Shri Dudhgaonkar Ganeshrao; Sugavanam Shri E.G.

Will the Minister of FINANCE be pleased to state:

- (a) whether incidents of fraudulent withdrawal of money using cloned Debit/Credit/ATM Cards have been reported;
- (b) if so, the details of such incidents reported during the last three years and the current year and the amount involved therein in various States, State-wise and bank-wise;
- (c) the action taken against the erring banking officials/persons in such cases, bank-wise; and
- (d) the other corrective steps taken/being taken by the Government/RBI to keep a check on such incidents?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE IN THE MINISTRY OF FINANCE (SHRI PRANAB MUKHERJEE)

(a) to (d): A statement is laid on the table of the House.

Statement as referred to in reply to Parts (a) to (d) of Starred Question No. 124 for answer on 4th March, 2011 regarding 'ATM Frauds' tabled by S/SHRI ADV. GANESHRao DUDHGAONKAR and E.G. SUGAVANAM M.P.

Reply

(a), (b) & (c): Reserve Bank of India (RBI) has informed that incidents of fraudulent withdrawal of money using cloned Debit/Credit/ATM Cards have been reported by commercial banks. Details of such cases reported to the RBI in respect of cloning of debit/credit cards for the last three financial years (2007-08, 2008-09 and 2009-10) and 2010-11 (April to December 2010), bank-wise are annexed. State-wise data is not maintained with RBI. The banks have reported to RBI that there is no staff involvement in these cases.

(d): As reported by Reserve Bank of India, it has taken the following steps for prevention of Debit Card / Credit Card frauds:

1. RBI has issued a Master Circular on 'Credit Card Operations of banks' vide their circular DBOD.No. FSD. BC. 16 / 24.01.011 / 2010-11 dated July 1, 2010 (copy available on RBI Website (<http://www.rbi.org.in>)) advising the banks to set up internal control systems to combat frauds and to take pro-active fraud control and enforcement measures. RBI has also advised banks to ensure that credit card operations were run on sound, prudent and profitable lines as also fulfill 'Know Your Customer' requirements, assess credit risk of customers, specify terms and conditions in clear and simple language, ensure prompt dispatch of bills, maintain customer confidentiality, etc.

2. RBI had also issued a circular to all commercial banks in June, 2006, advising them to take various preventive measures to combat frauds relating to skimming or duplicating of credit cards. The circular had highlighted the fact that certain plastics used by the miscreants were not normal credit / debit cards but were telephone top-up cards issued by UK based telephone companies with magnetic strip. This magnetic strip was used to encode data belonging to original cards which were obtained by the fraudsters through skimming (copying of magnetic strip). The measures include educating customers through hoardings, advertisements, handouts and also posting cautionary messages on the website of card issuing banks.

3. The banks are advised to inform customers not to reveal ATM PIN in response to requests received through e-mail, to periodically verify the transaction history to ensure its correctness and if any unauthorized transaction observed it should be immediately reported to the bank and inform the bank if the card is lost or stolen.

4. The banks were advised to post, by way of operational / security measure, security guard and inspection of ATM on regular basis by bank official. The banks were advised that the incidents of skimming should be immediately brought to the notice of local law enforcement authorities.