

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:68

ANSWERED ON:25.11.2011

CYBER FRAUDS IN BANKS

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**Will the Minister of FINANCE be pleased to state:**

(a) whether incidents of cyber fraud are on the rise in the country particularly in net banking/debit/credit card frauds including withdrawing money by cloning of credit and debit cards;

(b) if so, the number of such cases reported by the Public Sector Banks (PSBs) to Reserve Bank of India (RBI) and the amount involved therein along with the losses incurred to banks as a result thereof during each of the last three years and the current year, bank-wise;

(c) the details of the amount that has become Non- Performing Assets of such PSBs during the said period due to the said frauds, bank-wise; and ;

(d) the steps taken/proposed to be taken by the Government to check the fraudulent use of credit /debit cards and online transactions and to bring cyber security in banks?

**Answer**

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE)

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

Statement as referred In reply to part (a) to (d) of Lok Sabha Starred Question No.68 for 25.11.2011 regarding Cyber Frauds in Banks

(a) and (b): As per data submitted by Public Sector Banks to Reserve Bank of India (RBI), the incidents involving Debit Cards, Credit Cards, Internet Banking and ATM Frauds have increased during the three calendar years 2008-2010 and current year up to Sept., 2011 as shown below:

(Amount Rs. in lakhs)

Sl.No.	Calendar Year	Total cases reported	Amount Involved.
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1.	2008	55	117.24
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2.	2009	97	105.81
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3.	2010	155	369.81
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4.	Till Sept., 2011	92	573.04
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A statement containing details of number of cases of ATM/Credit/Debit Card and internet Banking frauds during last three years, and current financial year and amount involved, bank-wise is placed at Annex.-I.

(c) The details of NPAs in credit cards (consolidated) pertaining to all Banks during the last three years and current financial year upto Sept., 2011 is as under:

Data on Credit Card outstanding and Impaired credit pertaining to All Banks and PSBs

(Rs. Crores)

Month All Public Sector Banks  
Year Banks

	`A` Retail- Impaired d Credit Card Recelva bles	`B`- Retail- Outstan ding Credit Card Receiva bles	Share of `A` in `B` in % Credit Card Receivabl es	`C`- Retail- Impaired d Credit Card Receiva bles	Share of `D`- Retail- Impaired d Credit Card Receiva bles	`C` in `D` in%
March 2009	5094	29941	17.01	59	346	17.09
March 2010	3653	21565	16.94	46	330	13.85
March 2011	2946	18655	15.79	55	341	16.11
Septem ber 2011	2660	20238	13.15	52	422	12.22

Source: Latest updated OSMOS database (Domestic Operations)/Bank-wise details are at Annex.II

(d) RBI as a part of its supervisory responsibilities has taken various measures to prevent bank frauds and in this process has issued, from time to time guidelines on internet banking frauds to all scheduled commercial banks, as summarised below:

(i) RBI(DBS) caution circular dated 16.2.2006 on phishing attacks<sup>1</sup> advising banks and customers about the modus operandi on such attacks and minimum set of preventive/detective measures to tackle phishing attacks. (ii) RBI(DBS) circular dated 22.2.2006 on 'security arrangements for ATMs of banks'. (iii) RBI(DBS) circular dated 26.6.2006 on 'preventive measures to combat frauds relating to skimming or duplicating of debit cards'. (iv) Master circular dated 2.7.2007-Consolidated guidelines in the operation of credit cards. (v) RBI(DPSS) circular dated 18.2.2009 on 'security issues and risk mitigation measures relating to online card transactions using credit/ debit cards' effective from 1.8.2009. (vi) RBI(DPSS) circular dated 23.4.2010 'regarding extending the system of additional authentication/validation to all cards not present transactions to IVR transactions' also effective from 1.1.2011. (vii) RBI(DBOD) circular dated 7.12.2010 on the issue of 'Money Mules'. (viii) RBI (DPSS) circular dated 29.3.2011 advising banks to put in place a system of online alerts for all type of transactions irrespective of amount involving of usage of cards at various levels latest by 30.6.2011. (ix) RBI(DBOD) master circular dated 1st July, 2011 on 'credit card operations of banks' suggesting setting up of internal control systems to combat frauds and to take proactive fraud control and enforcement measures.

Besides above RBI (DBS) has also circulated on 29.4.2011 the recommendations of a Working Group on 'information security, electronic banking, technology risk management and tracking cyber frauds' which was set up by RBI in 2010. The Group among its various recommendations have also suggested that chip based cards may be used as an alternative to magnetic strips card based as a measure to counter the risk of skimming of ATM cards.