

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:92  
ANSWERED ON:08.08.2012  
CYBER FRAUD IN BANKS QUESTION  
Ananth Kumar Shri

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

- (a) the number of instances of data theft, cyber fraud and violations of information security in Banks and Credit Card Companies in the year 2008,2009 and 2010;
- (b) the recent steps proposed by the Government and the RBI to further strengthen the information Security in Banks and Credit Card Companies; and
- (c) the response of the institution thereto and the involvement of the Union Government to protect the interests of the public?

**Answer**

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

(a) The Reserve Bank of India (RBI) has reported that the information in respect of Scheduled Commercial Banks pertaining to Frauds related to ATMs/Debit Card, internet banking and Credit Card frauds is as under:-

(Rs. In lakhs)

Sl.No.	Calendar Year	Total cases reported	Amount involved
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1.	2008	17397	5355.21
2	2009	21966	7233.31
3	2010	15018	4048.94

In addition, Royal Bank of Scotland had reported two cases of data theft in the year 2010, however, no financial loss was reported in the case.

(b) & (c): (i) RBI has issued two circulars viz; (i) 'Security arrangements for ATMs of bank' dated February 22, 2006 and (ii) 'Skimming of ATM/Credit Cards' dated June 26,2006 advising banks to take various preventive measures to combat frauds relating to skimming or duplicating of credit cards. The preventive measures include educating customers through cautionary messages posted in the web-site of card issuing banks, informing customers not to reveal PIN in response to requests received through e-mails, to periodically verify the transaction history, immediate reporting to the bank, if any unauthorized transaction is observed, and inform the bank if the card is lost or stolen.

(ii) A working Group on "Information Security, Electronic Banking, Technology, Risk Management and Tracking of Cyber Frauds" set up by RBI in April, 2010 suggested that chip based cards may be used as an alternative to magnetic strip cards based as a measure to counter the risks of skimming of ATM Cards. Accordingly, suitable guidelines were issued by RBI vide circular dated April 19, 2011 advising the banks to ensure implementation of basic organizational framework and put in place policies and procedures which do not require extensive budgetary support, infrastructural or technology changes, by 31, October, 2011. The guidelines are fundamentally expected to enhance safety, security, efficiency in banking processes leading to benefits for banks and their customers. The implementation progress are required to be reviewed and report submitted to the Board on quarterly basis.

(iii) RBI vide its Master Circular on 'Credit Card Operations of Banks' dated 1.7.2011, advised banks to set up internal control systems to combat frauds and to take pro-active fraud control and enforcement measures. They were also advised to ensure that credit card operations were run on sound, prudent and profitable lines as also fulfill 'Know Your Customer' requirement, assess credit risk of customers, specify terms and conditions in clear and simple language, ensure prompt dispatch of bills, maintain customer confidentiality etc. Further, RBI vide its circular dated 22.9.2011 on "Security Issues and Risk Mitigation Measures related to Card Present (CP) transactions" advised banks to move to secure Card Not Present (CNP) transactions, making it mandatory for banks to put in place additional authentication/validation for all on-line/IVR/MOTO/recurring transactions etc. based on information available on the credit/debit/prepaid cards.

iv) All Commercial Banks have also been cautioned by RBI vide letter dated. 16.02.2006 on phishing attacks which contained details of the modus-operandi on such attacks and minimum set of preventive/detective measures to tackle phishing attacks.

v) Besides above, public is advised through press releases/notifications regarding not to reveal account details, do not fall prey to fictitious offers of fund transfer, remittance towards participation in lottery, money circulation schemes, and other fictitious offers of cheap funds etc.