

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1613
ANSWERED ON:22.08.2012
CYBER FRAUDS IN BANKS
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Will the Minister of FINANCE be pleased to state:

- (a) whether the incidents of cyber frauds particularly of withdrawing money by cloning of credit and debit cards including net banking are continuously increasing in the country;
- (b) if so, the number of such complaints sent by the public sector banks to the Reserve Bank of India during the last three years and the current year, year-wise and the amount involved in it and loss suffered by banks due to it, bank wise;
- (c) the details of the amount of public sector banks which has turned into non performing assets due to said frauds during the said period; and
- (d) the steps taken/proposed to be taken by the Government to bring cyber safety and check frauds in online transactions?

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 which does not show any increasing trend:-

(Rs. In lakhs)

Sl.No.	Calendar Year	Total cases reported	Amount involved
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1.	2009	21966	7233.31
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2.	2010	15018	4048.94
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3.	2011	9588	3672.19
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4.	2012 (upto June 30)	4938	2085.62
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(b)&(c): RBI has reported that it does not have data with respect to complaints made by Public Sector Banks with respect to cyber frauds. However, the cases of cyber frauds reported by the Public Sector Banks during the last three calendar years are furnished as under:

(Rs. In lakhs)

Sl.No	Calendar Year	Total cases reported	Amount involved
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1. 2009 97 105.81

2. 2010 155 369.81

3. 2011 128 672.48

4. 2012 (upto June 30) 128 360.08

RBI has reported that it does not have data on the amount of Public Sector Banks that have turned into Non Performing Assets due to frauds.

(d): Following steps have been taken to bring cyber safety and check frauds in online transactions.

(i) RBI has issued two circulars viz; (i) 'Security arrangements for ATMs of bank1 dated February 22, 2006 and (ii) - 'Skimming of-ATM/Credit Cards1 dated June-26;2008 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 bank 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) On the basis of suggestions of a Working Group set up by RBI in 2010, RBI has issued guidelines which 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 dated 1.7.2011, advised banks to set up internal control systems to combat frauds and to take proactive fraud control and enforcement measures and to ensure that credit card operations were run on sound, prudent and profitable lines as also fulfill 'Know Your Customer1 requirement, assess credit risk of customers, specify terms and conditions in clear and simple language, ensure prompt dispatch of bills, maintain customer confidentiality etc.

(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.