

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1800
ANSWERED ON:22.08.2012
MISAPPROPRIATION IN SAVING BANK ACCOUNTS
Pratap Narayanrao Shri Sonawane

Will the Minister of FINANCE be pleased to state:

- (a) whether a large number of cases of misappropriation in saving bank account of individuals have been noticed particularly after introduction of ATMs;
- (b) if so, the details thereof alongwith the total amount misappropriated during the last three years;and
- (c) the steps taken by the Government to avoid recurrence of such incidents and strengthen the security of the ATMs?

Answer

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

(a) & (b): Reserve Bank of India (RBI) has reported that it does not have any information with respect to cases of misappropriation in savings bank account of individuals after introduction of ATMs. However, information pertaining to frauds related to ATM/Debit Card, Internet Banking and Credit Card frauds during the last three years and upto 30.06.2012 are as below:

(Rs. In lakhs)

Sl.NO. Calendar Year Total cases reported Amount involved

1. 2009 21966 7233.31

2. 2010 15018 4048.94

3. 2011 9588 3672.19

4. 2012 (upto June 30) 4938 2085.62

(c): Following steps have been taken to avoid recurrence of such incidents:

(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; 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 website 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) 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 17.2011, advised banks to set up internal control systems to combat frauds and to take pro-

active 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 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.

(iv) 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.