

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:371

ANSWERED ON:22.03.2013

GLOBAL CREDIT DEBIT CARDS

Paranjpe Shri Anand Prakash;Thamaraiselvan Shri R.

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

(a) whether the Government /RBI has asked the banks to impose a certain monetary limit on global credit/debit cards and also refrain from issuing new cards with global access;

(b) if so, the details thereof;

(c) whether the Government proposes to establish an effective monitoring system to tackle credit/debit card frauds; and

(d) if so, the details thereof along with the steps taken/being taken by the Government to tackle such frauds in future?

**Answer**

The Finance Minister (SHRI P. CHIDAMBARAM)

(a) to (d) :- A statement is laid on the Table of the House

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.371 for 22nd March, 2013 by Shri R. Thamaraiselvan, and Shri Anand Prakash Paranjpe regarding Global Credit/Debit Cards.

(a) and (b):- Reserve Bank of India (RBI) has in February, 2013, advised banks to put in place inter-alia the following measures by 30th June, 2013:

(i) All the active Magstripe International Cards issued by banks should have threshold limit for international usage. The threshold is to be determined by the banks based on the risk profile of the customer and accepted by the customer. Till such time this process is completed, an omnibus threshold limit (say, not exceeding USD 500) as determined by each bank is to be put in place for all debit cards and all credit cards that have not been used for international transactions in the past.

(ii) To issue all new debit and credit cards only for domestic usage unless international use is specifically sought by the customer. Such card enabling international usage will have to be essentially EMV (Europay, MasterCard and Visa) Chip and Personal Identification Number (PIN) enabled.

(iii) To convert all existing Magstripe cards to EMV chip cards for all customers who have used their cards internationally atleast once (for/through e-commerce/ATM/PoS).

(c) and (d):- RBI has taken various measures to monitor and prevent frauds and has issued from time to time various guidelines as summarized below:

1. The RBI has issued a Master Circular on 'Credit Card Operations of Banks' dated July 2, 2012, advising 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 are run on sound, prudent and profitable lines, fulfill 'Know Your Customer' requirements, assess credit risk of customers, specify terms and conditions in clear and simple language, maintain customer confidentiality, etc.

2. The RBI had issued two circulars namely, 'Security Arrangements for ATMs of Banks dated 22.02.2006 and 'Skimming of ATM/Credit Cards' dated 26.06.2006. RBI has advised banks to take various preventive measures to combat frauds relating to skimming or duplicating of credit cards.

3. On the basis of suggestions of a Working Group set up by RBI in April, 2010 on 'Information Security, Electronic Banking, Technology Risk Management and Tracking Cyber Frauds', RBI has issued guidelines on 29.04.2011 to enhance safety, security, efficiency in banking processes relating to benefits for banks and their customers.

4. The RBI vide its circular dated September 22, 2011 on "Security Issues and Risk mitigation measures related to Card Present (CP) transactions" has advised the 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/ Interactive Voice Response (IVR)/ Mail Order Transactions Order (MOTO)/recurring transactions etc.

5. The RBI had also issued a caution circular dated February 16, 2006 to all commercial banks on phishing attacks (i.e. creating fake website of banks and collecting customer details such as user ID, password etc. and thereby fraudulently withdrawing money from the customer's account using fake credit card).

6. With a view to reducing the instances of misuse of lost/stolen cards, it was recommended to Banks that they may consider issuing (i) Cards with photographs of the cardholder (ii) Card with PIN and (iii) Signature laminated cards or any other advanced methods that may evolve from time to time.

7. Banks have been advised to take steps to put in place a system of online alerts for all types of transactions irrespective of the amount, involving usage of cards at various channels.

Besides the above, public is advised through press releases/notifications not to reveal account details and not to fall prey to fictitious offers of fund transfer as also to be aware of remittances towards participation in lottery, money circulation schemes and other fictitious offers of cheap funds etc.