

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1524
ANSWERED ON:27.11.2009
DEBIT/ CREDIT CARD FRAUDS
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Will the Minister of FINANCE be pleased to state:

- (a) whether incidents of Debt/Credit Card frauds have been increasing in the country;
- (b) if so, the number of such cases reported during the last three years and the losses incurred to the banks as a result thereof; and
- (c) the steps taken by the Government to prevent the recurrence of such incidents?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a) & (b): As per the information compiled by Reserve Bank of India(RBI) the incidents of debit/credit card frauds during the years 2006, 2007, 2008 and 2009 (upto September 2009) are as under:

Year	2006		2007		2008		2009 (upto September 2009)	
	No of cases	Amount	No of cases	Amount	No of cases	Amount	No of cases	Amount
Total	17581	3191.11	17447	4110.22	17114	4743.40	16627	5250.66

While the number of incidents of debit/credit card frauds have shown a decreasing trend, there is increase in the amount involved in the frauds.

(c) : RBI as a part of its supervisory process has taken the following measures to check frauds in Credit Card segment :

(i) RBI has issued guidelines to banks on credit card operations which are available on the website of RBI (<http://www.rbi.org.in>). The banks were advised 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' requirements, assess credit risk of customers, specify terms and conditions in clear and simple language ensure prompt dispatch of bills, maintain customer confidentiality etc.

(ii) The modus operandi adopted by certain criminal elements for perpetrating frauds in credit cards, reported by a bank, was brought to the notice of all commercial banks by RBI in its circular dated July 1, 2005 so as to enable them to exercise due caution while issuing credit cards to new customers.

(iii) RBI had issued a circular to all commercial banks in June, 2006, advising them to take various preventive measures to combat frauds relating to skimming or duplicating of credit cards. The measures include educating customers through hoardings, advertisements, handouts and also posting cautionary messages in the website of card issuing banks.

(iv) Indian Banks' Association had issued "Fair Practice Code for credit card operations" in March 2005.