GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO-2150
ANSWERED ON – 22/3/2022

CHECKING OF CASES OF ONLINE BANK FRAUDS

2150 # SHRI NEERAJ DANGI:

Will the Minister of FINANCE be pleased to state:

(a) the measures being taken by Government to check the cases of online frauds in banks during the last three years, the details thereof;

(b) the details of the actions taken by Government against the officers and employees found involved in the said online fraudulent activities; and

(c) the number of cases of frauds in banks during the said period, State-wise?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): The measures taken to check online frauds in banks are at Annex I.

(b): As per the Master Directions on frauds — Classification and Reporting, issued by the Reserve Bank of India (RBI), banks are required to initiate staff accountability exercise upon classification of an incident as a fraud. Staff accountability exercise is carried out by banks, and action is taken against erring officials as per the rules/regulations made in this behalf.

(c): Details of frauds reported by scheduled commercial banks to RBI under the category "Card/Internet- ATM/Debit Card, Credit Card & Internet Banking" for the last three financial years are at Annex II.

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Annex-I

Annex referred to in reply to part (a) of Unstarred question no. 2150 for answer on 22.3.2022 in the Rajya Sabha

Measures taken to check online frauds in banks during the last three years

1. Government of India has established Indian Cyber Crime Coordination Centre (I4C), to provide a framework and ecosystem for law enforcement agencies to deal with cybercrimes in a comprehensive and coordinated manner.

2. Government has launched the National Cyber Crime Reporting Portal, to enable public to report incidents pertaining to all types of cybercrimes. Citizen Financial Cyber Fraud Reporting and Management System module has been launched for immediate reporting of financial frauds and to stop siphoning off fund by the fraudsters.

3. The Indian Computer Emergency Response Team (CERT-In) issues alerts and advisories regarding latest cyber threats and countermeasures on regular basis to ensure safe usage of digital technologies.

4. Security tips have been published by CERT-In for users to secure their desktops, mobile/smart phones and preventing phishing attacks.

5. All authorised entities/ banks issuing Prepaid Payment Instruments (PPIs) in the country have been advised by CERT-In through Reserve Bank of India (RBI) to carry out special audit by empanelled auditors of CERT-In on a priority basis and to take immediate steps thereafter to comply with the findings of the audit report and ensure implementation of security best practices.

6. CERT-In conducts regular training programmes for network/system administrators and Chief Information Security Officers (CISOs) of Government and critical sector organisations.

7. For better customer protection, card networks have been advised by RBI to ensure the following, for all face-to-face / Card Present (CP) transactions performed using cards issued and acquired by banks in India:
   (i) Mandatory PIN authentication for all transactions performed using credit, debit and prepaid cards.
   (ii) While processing a magnetic stripe or Europay, MasterCard and Visa (EMV) Chip and PIN card, fall back to magnetic stripe option shall be enabled only if the transaction cannot be completed as a chip-based transaction, *i.e.*, *ab initio* processing of EMV chip and PIN based cards on the basis of magnetic stripe data shall not be done. Further, specific code for all such fall back transactions shall be indicated in the transaction message sent to the issuer. Acquirer banks shall be liable for any loss to customers in case of failure to ensure adherence.
   (iii) RBI has asked banks 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.

8. RBI has instructed banks to frame rules based on the transaction pattern of the usage of cards by the customers, in coordination with the authorised card payment networks for arresting fraud. Banks are also instructed to build in a system of call referral in co-

ordination with the card payment networks based on these rules. Further, all new debit and credit cards are to be issued only for domestic usage unless international use is specifically sought by the customer.

9. Banks have been advised by RBI to put in place appropriate risk mitigation measures like transaction limit, transaction velocity limit, fraud checks, anti-money laundering checks, etc., depending on the bank's own risk perception, unless otherwise mandated by RBI. All mobile banking transactions involving debit to the account is to be permitted only by validation through a two-factor authentication.

10. RBI has issued Master Direction on Digital Payment Security Controls on 18.2.2021, wherein in addition to various security controls, banks are advised to protect the integrity of data.

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Annex-II

Rajya Sabha unstarred question no. 2150, regarding "Checking of cases of online bank frauds"

Frauds reported by Scheduled Commercial Banks under the category "Card/Internet- ATM/Debit Card, Credit Card & Internet Banking"

Amounts in crore Rs.

S. No.	State/Union Territory	Financial year 2018-19		Financial year 2019-20		Financial year 2020-21	
		Number of frauds	Total amount involved	Number of frauds	Total amount involved	Number of frauds	Total amount involved
1	Andaman and Nicobar Islands	10	0.12	21	0.09	3	0.01
2	Andhra Pradesh	181	0.36	631	2.15	733	1.96
3	Arunachal Pradesh	1	0.01	25	0.12	71	0.38
4	Assam	87	0.85	583	3.33	377	1.88
5	Bihar	151	0.61	438	1.58	871	2.44
6	Chandigarh	111	0.37	194	0.56	268	0.74
7	Chhattisgarh	106	0.41	234	0.73	222	0.54
8	Dadra and Nagar Haveli and Daman and Diu	16	0.02	52	0.08	65	0.15
9	Goa	114	0.57	231	0.60	190	0.58
10	Gujarat	1135	2.23	2719	6.53	4746	12.37
11	Haryana	8,983	21.20	6,782	24.01	5,991	25.54
12	Himachal Pradesh	47	0.17	190	0.81	256	0.84
13	Jammu and Kashmir	27	0.07	109	0.32	105	0.49
14	Jharkhand	109	0.61	207	0.69	261	1.74
15	Karnataka	1886	5.17	3974	24.54	4371	14.81
16	Kerala	212	1.46	991	4.66	956	4.11
17	Ladakh	-	-	3	0.03	13	0.07
18	Madhya Pradesh	212	0.62	865	2.72	979	3.48
19	Maharashtra	21,673	42.35	30,546	83.60	27,449	70.46
20	Manipur	8	0.07	8	0.03	25	0.09
21	Meghalaya	12	0.05	31	0.16	23	0.11
22	Mizoram	5	0.01	9	0.07	-	-
23	Nagaland	3	0.02	32	0.18	21	0.09
24	National Capital Territory of Delhi	4191	15.76	7928	23.01	8435	21.20
25	Odisha	115	0.53	581	3.10	300	1.39
26	Puducherry	6	0.05	20	0.06	26	0.04
27	Punjab	288	0.92	752	2.88	1226	3.68
28	Rajasthan	374	1.47	1033	9.89	1574	5.12
29	Sikkim	4	0.00	20	0.08	17	0.04
30	Tamil Nadu	5497	24.06	7443	24.63	5585	24.14
31	Telangana	974	2.61	1853	3.82	2918	7.14
32	Tripura	9	0.03	121	0.40	53	0.13
33	Uttar pradesh	5109	7.80	3197	13.54	4130	11.67
34	Uttarakhand	128	0.53	206	0.87	251	1.68
35	West Bengal	493	17.99	1341	4.00	1471	9.49
36	Overseas	27	0.29	16	0.15	6	0.04
	Grand Total	**52, 304**	**149.42**	**73, 386**	**244.01**	**73, 988**	**228.65**

Source: Reserve Bank of India