

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO-1335**  
ANSWERED ON TUESDAY, AUGUST 1, 2023/ SRAVANA 10, 1945 (SAKA)

**LOSSES DUE TO FRAUDULENT ONLINE TRANSACTIONS**

1335. SHRI VAIKO:  
SHRI M. SHANMUGAM:

Will the Minister of Finance be pleased to state:

- (a) the total loss reported by banking industry including loss occurred to customers due to cyber fraud and fraudulent online transactions, in the last three years;
- (b) the steps taken by Government, RBI and various banks through various media to safeguard against such online fraud transaction;
- (c) any special camps organized by banks by conducting financial literacy week for the customers in urban and rural branches; and
- (d) whether cyber insurance products are being offered by insurance companies to banks and individual customers, if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): Reserve Bank of India (RBI) has informed that banks are required to report a quarterly summary on cyber and Information Technology (IT) incidents with RBI. It is further informed that RBI does not maintain specific data on 'loss to customers'. Based on the reporting by the banks, the number of frauds and extent of loss to the banks during the financial years, FY2020-21 to FY2022-23, are given in the table below:

<b>Financial Year</b>	<b>No. of Frauds</b>	<b>Extent of loss to the bank (in ₹ crores)</b>
2020-21	73988	87.17
2021-22	65893	115.36
2022-23	66069	85.25
<b>Total</b>	<b>205950</b>	<b>287.78</b>

(b): In order to prevent fraudulent online transactions, RBI has been issuing various instructions to the regulated entities from time to time. RBI had issued a comprehensive circular on Cyber Security Framework for Banks in June, 2016 and for Urban Cooperative Banks in October, 2018 respectively. As per these circulars, banks were advised to put in place a board-approved

cyber security policy elucidating the strategy containing an appropriate approach to combat cyber threats given the level of complexity of business and acceptable levels of risk.

In February 2021, RBI had issued Master Directions on Digital Payment Security Controls, wherein banks have been advised to put in place necessary controls to protect the confidentiality and integrity of customer data and processes associated with the digital product/services offered.

Besides, need-based caution advises are also issued explaining the *modus operandi* of frauds in specific areas of bank's functioning or sectors and industries prone to frauds. For example, instances of misuse of SWIFT messaging service, malware in ATMs, bugs in mobile banking applications etc., were explained to banks through such caution advises/guidelines/instructions issued by RBI.

Further, to enhance the cyber security posture of online transaction and prevent cyber frauds, Indian Computer Emergency Response Team (CERT-In), issues alerts and advisories regarding latest cyber threats/ vulnerabilities and countermeasures to protect computers and networks on an ongoing basis, tracking and disabling phishing websites and facilitating the investigation of fraudulent activities in coordination with service providers, regulators, and law enforcement agencies.

(c): RBI has been conducting Financial Literacy Week (FLW) every year since 2016 to propagate financial education of public across the country. The theme for current FLW is "Good Financial Behaviour- Your Saviour" and was observed during February 13-17, 2023. The Centre for Financial Literacy (CFL) project was initiated by RBI in 2017 with the objective to increase financial literacy. A total of 1621 CFLs have been setup across the country as in June, 2023.

(d): Insurance Regulatory and Development Authority of India (IRDAI) has informed that currently all major insurance companies are offering cyber insurance products to commercial entities (including banks) and individual customers. These cyber insurance products provide the 'first party coverage' and 'third party coverage'.

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