

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

**RAJYA SABHA
UNSTARRED QUESTION NO. 388**

ANSWERED ON TUESDAY, FEBRUARY 06, 2024/MAGHA 17,1945 (SAKA)

Rise of UPI Frauds

388. SHRI C. VE. SHANMUGAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the UPI frauds are on the rise in the country;
- (b) if so the details thereof;
- (c) the steps being taken by Government to address the rising number of UPI fraud cases in the country;
- (d) whether Government is in consultation with the UPI service providers and financial institutions to implement stronger security measures to prevent fraudulent activities on the UPI platform;
- (e) if so, the details thereof and if not, the reasons therefor; and
- (f) the details on the financial compensation or assistance being given to victims of UPI fraud in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(DR BHAGWAT KARAD)

(a) & (b) As per the Reserve Bank of India (RBI), the domestic payment frauds data for UPI, as reported by commercial banks, non-bank PPI issuers and non-bank credit card issuers for the last three financial years is as under:

Domestic Payment Frauds for UPI		
Financial Year	Volume (lakh)	Value (crore)
2020-21	1.95	111
2021-22	4.07	242
2022-23	7.25	573

Source: RBI

The increase in payment frauds from FY2020-21 to FY2022-23 is due to increased reporting by some major banks / non-bank PPI issuers / non-bank card issuers.

(c) to (e) NPCI has taken various measures to address the UPI fraud cases which, *inter alia*, include stringent device binding between customer's mobile number and his/her device, use of two factor authentication, features in UPI app which notifies the customer on the app itself during transaction journey, daily limits for debit in a customer's account and limits & curbs on use cases which are abused by fraudsters.

Further, NPCI provides a free of cost fraud monitoring solution to all banks with rule development capabilities to alert & decline transactions for fraud mitigation, uses Artificial Intelligence/Machine Learning based models to give a risk score to banks. NPCI also coordinates with various Government departments, Reserve Bank of India (RBI), banks and financial institutions and facilitates Law Enforcement Agencies (LEAs).

Ministry of Home Affairs (MHA) has set up Indian Cyber Crime Coordination Centre (I4C) to deal with cybercrime in a coordinated and effective manner. MHA also launched a National Cybercrime Reporting Portal (www.cybercrime.gov.in) and National Cybercrime Helpline No. "1930" to facilitate victims/complainants to report cybercrime complaints. RBI has also operationalized Central Payments Fraud Information Registry (CPFIR), a web-based payment-related fraud reporting platform for the regulated entities.

RBI and banks have also been taking awareness campaigns through dissemination of messages on cybercrime through short SMS, radio campaign, publicity on prevention of 'cyber-crime'. Further, RBI has been conducting electronic-banking awareness and training (e-BAAT) programmes which focuses, *inter alia*, awareness about frauds and risk mitigation.

(f) RBI had issued instructions to banks regarding limiting the customer liabilities in unauthorized/ fraudulent electronic transactions, *vide* circulars dated 6th July and 14th December 2017 for Commercial banks and Cooperative banks respectively, wherein, the criteria for determining the limited liability of the customer in various types of digital transactions are outlined.
