

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO: 1990

ANSWERED ON THE TUESDAY, 18 MARCH, 2025/ 27 PHALGUNA, 1946 (SAKA)

DIGITAL FINANCIAL FRAUD PREVENTION AND REGULATORY MEASURES

1990 SHRI SANT BALBIR SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether any proposed amendments are under consideration to strengthen the existing legal frameworks, impose stricter penalties on cyber fraudsters, and enhance consumer protection laws to combat digital financial fraud more effectively;

(b) the number of cases in which victims of financial fraud have successfully recovered their lost funds and the specific mechanisms or processes in place to facilitate compensation for affected individuals; and

(c) the future plans of Government to reinforce the security of digital financial transactions, improve public trust in online banking and payment systems and ensure robust safeguards against emerging cyber threats?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): The Government has been constantly engaging with the financial sector regulators and other concerned stakeholders to strengthen the cyber security. The Ministry of Home Affairs (MHA) has established the Indian Cyber Crime Coordination Centre (I4C) as an attached office to provide a framework and eco-system for Law Enforcement Agencies (LEAs) to deal with cybercrimes in a comprehensive and coordinated manner. The MHA has also launched the National Cyber Crime Reporting portal(<https://cybercrime.gov.in>) to enable the public to report all types of cyber crimes. Cyber crime incidents reported on this portal are routed automatically to the respective State/UT LEAs for further handling as per the provisions of law. The 'Citizen Financial Cyber Fraud Reporting and Management System' has been launched for immediate reporting of financial frauds and to stop siphoning off fund by the fraudsters. So far, an amount of Rs. 4386 Crore (approx..) has been saved involving 13.36 lakh complaints. Further suspect registry of identifiers of cyber criminals has been launched by MHA in collaboration with Banks/Financial institutions.

(c): In order to reinforce the security of digital transactions, various initiatives have been taken by the Government, Reserve Bank of India (RBI) and National Payments Corporation of India (NPCI) from time to time. RBI has issued Master Directions on Digital Payment Security Controls in February, 2021 to combat web and mobile app threats. These guidelines mandate the banks to implement a common minimum standards of security controls for various payment channels like internet, mobile banking, card payment etc. RBI has also launched an Artificial Intelligence (AI) based tool 'MuleHunter' for identification of money mule and advised the banks and financial institutions for its uses.

Similarly, NPCI has also implemented device binding between customer mobile number and the device, two factor authentication through PIN, daily transaction limit, limits and curbs on use cases etc to secure UPI transactions. NPCI also provides a fraud monitoring solution to all the banks to generate alerts and decline transactions by using AI/ML based models. RBI and Banks have also been taking up awareness campaigns through short SMS, radio campaign, publicity on prevention of 'cyber-crime' etc.
