

GOVERNMENT OF INDIA
 MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY
LOK SABHA
UNSTARRED QUESTION NO. 2169
 TO BE ANSWERED ON: 15.03.2017

RISK IN CASHLESS PAYMENTS

2169 SHRI ANANTKUMAR HEGDE:
SHRI RAM KUMAR SHARMA:

Will the Minister of Electronics & Information Technology be pleased to state:-

- (a) whether with the rising trend of cashless payments, the possibility of financial frauds, embezzlement and scams in this sector has increased;
- (b) if so, the details thereof;
- (c) whether the Government has developed any concrete system to compensate the financial losses suffered by common man due to these scams and embezzlement;
- (d) if so, the outline of the scheme;and
- (e) if not, the reasons therefor?

ANSWER

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY
 (SHRI P.P. CHAUDHARY)

(a) and (b) : With the proliferation of Information Technology and related services there is a rise in number of cyber security incidents in the country like elsewhere in the world. As per the information reported to and tracked by Indian Computer Emergency Response Team (CERT-In), a total no. of 44679, 49455 and 50362 cyber security incidents were observed during the year 2014, 2015 and 2016 respectively. The types of cyber security incidents include phishing, scanning/probing, website intrusions and defacements, virus/malicious code, Denial of Service attacks, etc. Over a period of time, the nature and pattern of incidents are becoming more sophisticated and complex.

As per information available from Reserve Bank of India (RBI), details of cybercrimes reported (i.e. fraud reported in Credit Cards/ATM/Debit Cards and Internet Banking Categories) during the last two years and the percentage increase in such crimes during the said period is given below:

Details of fraud reported in Credit Cards/ATM/Debit Cards and Internet Banking Categories						
Years	2015		2016		% increase/ decrease	
Area of operation	No. of frauds	Amount involved (in Rs. mn)	No. of frauds	Amount involved (in Rs. mn)	No. of frauds	Amount involved (in Rs. mn)
Credit Cards	10134	484.88	7751	339.76	-23.51	-29.93
ATM/Debit Cards	5546	264.76	6996	416.42	26.14	57.28
Internet Banking	53	55.21	77	21.78	45.28	-60.55
Grand Total	15733	804.85	14824	777.95	-5.78	-3.34

In terms of RBI Circular no. DBS.CO/CSITE/BC.11/33.01.001/2015-16 dated June 2, 2016 on Cyber Security Framework in Banks, banks have been advised to report all unusual cyber security incidents to RBI within 2 - 6 hours of detection.

(c), (d) and (e): The matter pertaining to compensation to customers has been addressed in para 17.2 (**Compensating the customer**) of RBI circular DBOD No.Leg.BC.21/09.07.006/2014-15 July 1, 2014 which reads as under:

- (i) In case of any fraud, if the branch is convinced that an irregularity / fraud has been committed by its staff towards any constituent, the branch should at once acknowledge its liability and pay the just claim,
- (ii) in cases where banks are at fault, the banks should compensate customers without demur, and
- (iii) in cases where neither the bank is at fault nor the customer is at fault but the fault lies elsewhere in the system, then also the banks should compensate the customers (up to a limit) as part of a Board approved customer relations policy.
