

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA
UNSTARRED QUESTION NO- †1329
ANSWERED ON- 25/07/2022

ONLINE BANKING FRAUDS

†1329. SHRI PRADEEP KUMAR CHAUDHARY

Will the Minister of FINANCE be pleased to state:-

- (a) the existing policy of the Government to stop online banking frauds;
- (b) whether the Government has any proposal to create separate portal for redressal of grievances of digital banking frauds; and
- (c) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a) to (c): As per Reserve Bank of India (RBI) guidelines on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions', banks are instructed to design systems and procedures to make customers feel safe about carrying out electronic banking transactions, and banks must put in place –

- (i) appropriate systems and procedures to ensure safety and security of electronic banking transactions carried out by customers;
- (ii) robust and dynamic fraud detection and prevention mechanism;
- (iii) mechanism for assessment of the risks and measurement of the liabilities resulting from unauthorised transactions;
- (iv) appropriate measures to mitigate the risks and protect themselves against the liabilities arising therefrom; and
- (v) a system of continually and repeatedly advising customers on how to protect themselves from electronic banking and payments related fraud.

Also, banks are required to set up internal control systems to combat frauds and actively participate in fraud prevention committees/ task forces which formulate laws to prevent frauds and take proactive fraud control and enforcement measures.

In addition to this, a number of steps have been taken to enhance security of digital payment transactions, including those of card transactions, online transactions *etc.*, and to reduce online banking frauds which include, *inter alia*, the following –

- (i) conversion of magnetic strip card to EMV chip and PIN cards;
- (ii) mandating enablement of online alerts for all transactions;
- (iii) certification of merchant terminals;

- (iv) mandating PIN entry for all ATM transactions
- (v) enabling all ATMs for processing EMV chip and PIN cards;
- (vi) restricting international usage by default and enablement of the same only after specific mandate from the customer;
- (vii) Capping the value/mode of transactions/beneficiaries;
- (viii) setting daily limits; and
- (ix) issuing alerts upon addition of beneficiaries.

In reference to the portal for redressal of grievances, RBI *vide* its circular dated 12.11.2021, has integrated its existing three Ombudsman schemes into **‘One Nation One Ombudsman’** approach, making the Ombudsman mechanism jurisdiction neutral, to provide cost-free redressal of customer complaints involving ‘deficiency in services’, including the unauthorised electronic fund transfer rendered by entities regulated by RBI. The complaints under the Scheme made online are registered on the Complaint Management System (CMS) portal (<https://cms.rbi.org.in>), and a Centralised Receipt and Processing Centre has been set up at RBI, Chandigarh for receipt and initial processing of physical and email complaints in any language.

Further, RBI has informed that it has implemented a web-based fraud reporting solution called Central Payments Fraud Information Registry (CPFIR) since 23.3.2020. All payment related frauds, including those undertaken using, credit card, debit card, paper-based instruments and Prepaid Payment Instrument (PPI), *etc.*, either reported by the customer to the Issuer Banks / PPI Issuers (bank or non-banks) or detected by the bank / non-bank entities themselves, are required to be reported to the CPFIR.
