Debit card data theft: Finance Ministry, RBI seek report as banks scurry to contain damages

By *Saloni Shukla*, ET Bureau | Oct 21, 2016, 06.52 AM IST

Post a Comment

MUMBAI: The government and the Reserve Bank of India swung into action as the country's biggest banks scrambled to reassure account holders that their money was safe after 3.2 million debit cards were found to be at risk from fraudsters who'd stolen vital data that could allow them to siphon off funds. Concerns are being raised as to why banks, which came to know of the problem six weeks ago, didn't alert the authorities or act with greater urgency.

Also Read: Post card data theft, here's what you should do as a debit cardholder

RBI directed banks trying to plug India's biggest such data theft to submit a report on the magnitude of the security breach at their ATMs, pending a forensic report that's expected by the end of the month, said two people familiar with the development. The finance ministry has asked for a detailed report from RBI and National Payments Corporation of India (NPCI) about the debit card information breach, a senior official told ET.

RELATED VIDEO

Govt seeks report from banks in data breach issue

RELATED COMPANIES — EXPAND

Yes Bank

"RBI has sought a status report from us (banks) in the security breach case," a banker said on Thursday. "We need to furnish data on how many cards were compromised and the quantum of funds that was siphoned off." NPCI is the nodal agency that connects the country's ATMs and runs the RuPay gateway.

While there's no estimate of how much money may have been stolen, banks were tipped off to the threat as much as six weeks ago when customer complaints first came in about unauthorised transactions overseas. Although the thefts may have been restricted to a few

thousand cards, the security breach at a payment gateway believed to have been caused by a malware infection potentially exposed deposits amounting to hundreds of crores, experts said. Sources said banks that failed to act in time may face penalties.

NPCI suggested however that the scale of the thefts that did occur was relatively minor.

"The complaints of fraudulent withdrawal are limited to cards of 19 banks and 641 customers," it said. "The total amount involved is Rs 1.3 crore as reported by various affected banks to NPCI."

The banks, NPCI, Visa and Master-Card all said their systems weren't breached. Some said information may have been compromised when customers used ATMs that didn't belong to the respective banks.

RBI has had a "couple of conversations" with YES Bank, which uses Hitachi Payment Services, where the breach is said to have originated from, people with knowledge of the matter said. YES Bank and Hitachi Payment Services however denied the malware infection took root in their systems.

"As far as we are concerned, there are no such breaches or compromises... As an abundance of caution we have made sure and checked or double checked (our systems)," said Chief Executive Officer Rana Kapoor. "I am not an expert in ATMs... but there is a systemic issue. There will be some malwares on and off but there is heightened security. There are ATM models which are outsourced today and they require vigilance, quality and security controls."

Hitachi, which serves more than 50,000 ATMs in the country, cited an internal audit in its defence.

"The interim report published by the audit agency in September does not suggest any breach/compromise in our systems," said Managing Director Loney Antony. "The audit agency has confirmed that currently our systems are free of any malware and have done the necessary tests to confirm the same."

LITTLE INFORMATION

Details of more than 3.2 million debit cards of State Bank of India, ICICI Bank, HDFC Bank, YES Bank, Axis Bank and others were compromised, ET reported on Thursday. NPCI and the banks admitted to the breach though the information the banks were willing to share was minimal.

"It was established through the analysis post such frauds were reported that there was a possible compromise at one of the payment switch provider's system," NPCI Chief Executive AP Hota said. "Based on the analysis, NPCI and other schemes identified the period of compromise and the possible card numbers which could have been compromised during that period."

Axis Bank said it had submitted a status report. SBI, ICICI, HDFC Bank and YES Bank didn't respond to ET's specific queries although they issued press releases defending themselves. RBI didn't respond to queries.

The breach came to the notice of bankers in September when customers began calling service centres complaining about transactions in China, the US, Indonesia and Russia, said two bankers who did not want to be identified.

Stay on top of business news with The Economic Times App. Download it Now!