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Surge in Debit card usage has banks on alert for fraud

By [Saikat Das](#), [Joel Rebello](#) & [Pratik Bhakta](#), ET Bureau | Updated: Dec 01, 2016, 12.39 AM IST

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MUMBAI: Large banks such as [State Bank of India](#), [Axis Bank](#), [ICICI Bank](#), [HDFC Bank](#) are getting worried that the unexpected surge in debit card transactions might tempt swindlers.

They are turning to professional consultants for help to pre-empt any financial fraud, said four people familiar with the matter. Debit card transactions have surged 300-400 per cent in the wake of the early-November demonetisation, according to Fidelity National Information Services (FIS) that operates a payment network for 75 banks. FIS manages more than 12,000 ATMs in the country.

"Many banks are getting a fraud risk assessment done," said KV Karthik, Partner, financial advisory, Deloitte. "Given the increased number of debit card transactions, fraud vulnerability can increase if banks are not equipped with a strong fraud risk framework that factors in these new risks."

"What is on top of the banker's mind today is to how to enhance their transaction monitoring system to identify potential fraudulent transactions and send a prompt alert to customers in case of any compromise, to prevent further misuse," he said.

The government's demonetisation move has curbed cash in the circulation, a move that is seen bearing fruits over long run in terms of throttling unaccounted money in the system. In case of a fraud, banks need to investigate to identify the root cause.

If they are not able to prove that it was because of customer neglect but a deficiency in their framework which resulted in the fraud, they will have to compensate losses, experts say.

"We are in touch with consultants," said Manju Agarwal, deputy managing director, SBI. "We want to be future-ready to take care of any cyber-attack. We want to remain insulated to any such attack in the wake of rising debit card transactions. We have got all our security systems upgraded with third parties," she said.

Before the demonetisation move, SBI was registering 3 lakh debit card transactions a day that has jumped to a whopping 12 lakh now. Emails seeking comment to ICICI Bank, HDFC Bank and Axis Bank did not elicit any response.

One of the proactive measures adopted by banks is to block cards based on points of compromise identified as part of the investigation or root cause analysis.

More transactions means cyber criminals have more money to steal hence they will be more active now-a-days says Siddharth Viashwanath, partner advisory at PWC. "Banks are now looking to engage with us more.

Also, cyber crime is moving towards emerging markets in South East Asia, including India, because they are considered less secure compared to Europe and now, there is money flowing through the system because of demonetisation," he said. For example, most of point of sales terminals along with ATMs are still using the Windows XP, an old IT application that is vulnerable to hackers.

"What we have seen is that in many cases individuals' mobile phones are compromised," said Altaf Halde, managing director (South Asia), Kaspersky Lab, a security solutions provider.

"In such cases, OTP based transactions are not fully secure as they can be read by third party malware infected applications in the mobile phone." OTP stands for one time password that banks typically send as the final confirmation of a transaction.

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