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RBI releases draft guidelines for customer liability in case of fraudulent transactions

By [Pratik Bhakta](#), ET Bureau | Updated: Aug 12, 2016, 11.07 AM IST

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MUMBAI: Bank customer will not be liable to pay for fraudulent online transactions that occur from his account outside his control, however, any delay can cost him Rs 5000 crore, the [Reserve Bank of India](#) said in draft norms on Thursday.

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The regulator said that if the customer delays reporting by 4 to 7 days about fraud then he will liable upto Rs 5000 or the transaction value, whichever is lower.

It comes at a time when the value of mobile banking transactions have reached Rs 66,272 crore in June against Rs 60,845 crore in May and that for prepaid instruments have reached Rs 5347 crore in June against Rs 4995 crore in May.

"With the increased thrust on financial inclusion and customer protection and considering the recent surge in customer grievances relating to unauthorised transactions the criteria for determining customer liability has been reviewed," said the [RBI](#) in a statement.

The regulator said that customers should get 24/7 access to banks through multiple channels of communication like toll free number, IVR and SMS to be able to report frauds to the bank. They have also mandated alerts for electronic banking transactions so that the customer can be alerted about a fraudulent transaction immediately.

The customer will have zero liability when the error has occurred on the part of the bank or he has reported the crime within three working days. In case the delay is more than seven days in reporting to the bank the liability will be decided by the banks' policy approved by the bank's Board. It has further mandated for all problems to be resolved within 90 days and ensure the customer does not lose out on interest in case of debit card or bear additional interest in case of [credit cards](#).

Banks have been mandated to report all such cases along with number of them, volume and aggregate value involved to the banks' Boards which will be reviewed by the Standing Committee on Customer Service in each bank.

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