

Financial year	Name of the consultant	Amount paid (Rs. in lacs)
2006-07	Price Waterhouse	104.25
2006-07	Mc Kinsey & Co.	999.37
2007-08	Mc Kinsey & Co.	1371.74
2008-09	Mc Kinsey & Co.	2387.64
2008-09	Ernst & Young Pvt. Ltd.	131.00
2009-10	McKinsey & Co.	1523.25

(c) and (d) SBI had engaged M/s McKinsey & Co. as consultants in January, 2007 for a period of four months for building Bank's Rural Banking Business. However, the engagement was temporarily put in abeyance after some time due to operational reasons. The bank has again engaged M/s. McKinsey and Company in March 2010 for a period of 4 months to resume the engagement of 2007. During this engagement, the consultants will advise the bank on issues, which, *inter-alia*, include review of rural strategy, revised channel strategies to outreach, key partners to target, technology plan, business plan, organisation redesign, identification of capacity building needs, etc. For the current engagement, SBI would pay a fee Rs. 3.425 crores plus expenses capped at 10% and tax at applicable rates. Payments would be made in stages on successful and timely completion of deliverables.

(e) As per the autonomy package announced by the Government in February, 2005 for public sector banks, the Bank Boards are competent to decide on the operational issues of the bank.

#### Online banking frauds

4189. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that the online banking frauds are increasing in the country day-by-day;

(b) if so, the details thereof;

(c) whether the various banks are mostly unable to check such online frauds since their security regimes are inefficient; and

(d) if so, the immediate action plans proposed to be taken up by the various banks to prevent such online banking frauds?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):  
(a) and (b) The number of online frauds (Rs. 1 lakh and above) and the amount involved therein for the last three years is as under:

	(Rs. in Lakhs)		
	2007	2008	2009
No. of frauds	102	113	269
Amount involved	251.36	553.79	590.49

It may be observed that there has been an increase in number of frauds perpetrated during the year 2009 as compared to 2007 and 2008. However, there is no significant increase in aggregate amount involved in frauds.

(c) Reserve Bank of India (RBI) has reported that banks have cited the compromise on password and other safety measures by customers as the main reasons for occurrence of such frauds.

(d) RBI has advised the banks to take following steps to check internet frauds:

(i) The various aspects of internet banking frauds are looked into closely during RBI inspections where large number of internet frauds are reported to ascertain the IT security issues, if any which could be facilitating such frauds.

(ii) RBI had issued guidelines on internet banking to all commercial banks vide circular dated June 14, 2001 covering technology and security standards, legal issues and regulatory/supervisory issues with regard to internet banking in India.

(iii) RBI has also issued guidelines to report the fraud cases to investigative agencies like State police/CBI. RBI also ensures that the banks report the case to these agencies and follow up the case vigorously till its logical end. Besides the above.

(iv) Department of Payment and Settlement Systems (DPSS) has issued a circular to all banks on February 18, 2009 on security issues and risk mitigation measures in credit/debit card transactions. The circular has made it mandatory for banks to put in place (a) a system of providing for additional authentication/validation based on information not visible on the cards for all on-line card not present transactions except IVR transactions, and (b) a system of online alert to the card holder for all 'card not present' transactions of the value of Rs.5000/- and above.

(v) Department of Banking Operations and Development, RBI has come out with a Master Circular dated July 1, 2009 on Credit Card Operations of banks. The circular covers all the important aspects of credit card business such as issue of cards, interest rate and other charges, wrongful billing, use of DSAs/DMAAs and other agents, protection of customer rights, redressal of grievances, internal control and monitoring systems, fraud control, right to impose penalty etc.