



भारतीय राष्ट्रीय भुगतान निगम
NATIONAL PAYMENTS CORPORATION OF INDIA

NPCI/ NFS/ OC NO.59/2012-13

Date: 4th April, 2012

To,
All Member banks of National Financial Switch (NFS) and IMPS

ATM Security Best Practices Report

Dear Sir,

We have witnessed several ATM related frauds in last one year. Card skimming, Cash retraction and other types of fraud were highlighted widely in the media also. ATM users from Mumbai, Chennai, Bangalore, Hyderabad and Gurgaon were victims of ATM frauds. Many of the frauds were committed using weak security controls at ATM site. In very recent incidents in Chennai, Mumbai and Bangalore fraudsters used skimming device. They placed skimming device inside the card slot to capture the information of cards and to make fake cards to commit the frauds.

Whenever such cases were reported to NPCI, NPCI has taken immediate steps and cautioned the respective NFS member banks to take appropriate action like considering hotlist such compromised debit cards, re-carding the customer, etc. Most of the NFS member banks had noted such alerts and appreciated the timely alerts sent by NPCI. However, overall it is reactive in nature to combat such frauds.

In the recent incident, NFS member banks reported us that few ATMs of one of the NFS Acquiring Bank got compromised during January 2012. It is gathered that none of these ATMs were having adequate physical security arrangements.

Due to rising incidents of frauds, NPCI has taken steps to identify the control gaps in ATM security and subsequent to that, suggest best practices on ATM security which can help to curb such incidences in future. In this regard, NPCI formed a Task Force with Industry experts to prepare the report on best practices on ATM security.

The Task Force has since submitted its report. The Report has two set of recommendations i.e. "Mandatory Recommendations" and "Good to have Recommendations". These recommendations would set the stage for protecting the industry proactively against the frauds and boost the end customer confidence in the Banking Industry.

The Task Force Report is already submitted to RBI for consideration. While RBI would issue directions in due course, member banks are requested to assess the gaps in their system and take action as they deem appropriate.

The Task Force Report is enclosed herewith.

Your Faithfully,

Bharat Panchal

Head – Risk Management

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