



# MUMBAI GRAHAK PANCHAYAT

Public Charitable Trust Regn. No. F-7000, Mumbai • Society Regn. No. 417/8/GBBSD



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## MEDIA RELEASE

### Protect Depositors Against Digital Frauds

### Provide Full Insurance Coverage for Bank Deposits

### Mumbai Grahak Panchayat's Plea to Finance Minister

In the light of growing bank transaction frauds Mumbai Grahak Panchayat (MGP), a leading voluntary consumer organization, has urged Finance Minister Nirmala Sitharaman to protect Bank Depositors from Digital Frauds and to provide Full Insurance Coverage for Bank Deposits in the forthcoming Budget slated to be tabled on 1<sup>st</sup> February 2025.

#### 1. Full Insurance Against Digital Frauds:

In a representation dated 31<sup>st</sup> December 2024 addressed to Smt. Nirmala Sitharaman, MGP has brought to her notice the recent RBI Report which shows **alarming eight time increase in the Bank transaction frauds**. According to this RBI Report the amounts involved in such bank frauds for first half of 2023 and 2024 are as follows:

April to September 2023 - Rs. 2,623 crores

April to September 2024 - Rs. 21,367 crores.

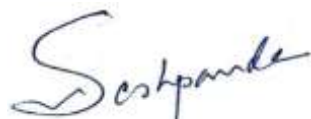
Quoting above statistics from RBI, MGP has claimed that Digital Banking is unsafe and quite vulnerable. Siphoning off of thousands of crores from depositors' bank accounts through such digital/cyber frauds is a matter of serious concern and hence MGP has called for immediate protective measures from the Government through Annual Budget for FY 2025-26. For this purpose **MGP has suggested that all bank deposits must be fully insured against such cyber frauds**. RBI has issued Guidelines dated 6<sup>th</sup> July 2017 to limit the liability of customers and the banks in cases of cyber frauds. Unfortunately, these guidelines are often not being followed by the Banks and even by Ombudsmen. Innocent depositors - many of whom are senior citizens - are victims of such frauds and are seen running desperately from pillar to post with ultimately no relief and only frustration in hand.

MGP has contended that in view of growing and uncontrolled trend of cyber frauds, the Government of India and Banks must jointly accept the **“Principle of Strict Liability”** in case of digital/cyber frauds and any bank depositor’s whatever amount siphoned off through such cyber frauds must be fully restored in his/her account within 7 days from the date of reporting such loss by the depositors. For this purpose **MGP has proposed a separate and independent Insurance Cover to protect bank depositors against the unauthorized Electronic Banking Transactions & the Cyber Frauds.**

MGP has also invited the attention of the Finance Minister to the RBI bulletin confirming **the whopping amount of “Unclaimed Deposits” lying in RBI’s “Depositors’ Education and Awareness Fund” (DEA Fund) as Rs 78,213 Crores!** This being the depositors’ money a small part of this unclaimed deposits can be justifiably utilized for paying insurance premium for such Policy, according to MGP.

## **2. Plea for Full Insurance coverage for Bank Deposits in case of Liquidation:**

MGP has also invited attention of the Finance Minister that currently, in case the bank goes into liquidation, deposits of **only Rs 5 lakhs** in commercial, foreign, cooperative or rural bank **are insured** under Deposit Insurance & Credit Guarantee (DICG) scheme. MGP has contended that as a matter of principle **every single Rupee deposited by the Depositor in any Bank must be safe, secure and insured.** MGP has seriously questioned the logic behind insuring only a part of the deposit. The fear that full insurance on bank deposits may induce more frauds in banks leading to liquidation has only a limited merit, says MGP. Any fear or apprehension that 100 % Deposit Insurance may induce liquidation is bit far-fetched. With modern technology, the banks are expected to have adequate systemic safeguards to detect and prevent internal bank frauds which lead to liquidation. **MGP has therefore urged the Finance Minister to announce Full Insurance Coverage on all types of bank deposits in all banks to protect interest of bank depositors, in case any bank goes into liquidation.**



Shirish V. Deshpande  
Chairman

Encl.: MGP Representation to Finance Minister