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Banks still don't buy cyber fraud covers

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Chennai: Despite a spate of ATM and card frauds, several banks still don't insure themselves against data breaches and cyber security attacks.

Lenders like the State Bank of India (SBI), Indian Overseas Bank (IOB) and Indian Bank have seen attacks on their ATMs since January. But according to sources, while all three banks have taken the mandatory 'bankers indemnity' insurance cover, they have not insured themselves against data breaches and cyber security attacks.

SBI again saw a skimming attack at one of its ATMs in Thiruvananthapuram on Monday, leading to a loss of Rs 4.5 lakh. After the incident, where foreigners installed a card-read-

ding device at the ATM to read/skim data, the bank said it will reimburse the victims.

Even IOB, after ATM frauds and phishing attacks in May and July, had reimbursed victims. "Many banks, in-



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cluding Indian Bank, have taken a basic bankers' indemnity policy with us that insures financial institutions against burglary, theft, fire, hold-ups, riot, strike, terrorism, property damage, cash in transit and employee fraud. But none of them have

taken a cyber liability policy," said an official from a public sector insurer.

While the banker's indemnity policy protects all the assets of the bank including its ATMs, it does not provide co-

der a card protection policy that can be an add-on to the basic cover," says Suresh Nair, head of protect development, Bajaj Allianz.

In the latest incident, skimming was used to obtain card details. "Skimming, cloning of debit, credit cards occur because ATMs still use magnetic stripes to read a card. Now that the RBI has mandated that all banks should move to use EMV-chip encrypted cards, it is to be hoped that such instances of skimming debit cards becomes rarer," said Nair.

The RBI is phasing out debit/credit cards with magnetic stripes. The central bank has set a deadline of December 31, 2018 by which all of India should have migrated to EMV from magnetic stripe.

ver in case of malware or a cyber attack on the ATM's switch. "Physical tampering or damage of the ATM is covered. But computer-related damage/attack is not covered in a basic indemnity cover. Mass skimming of debit/credit card details are protected un-